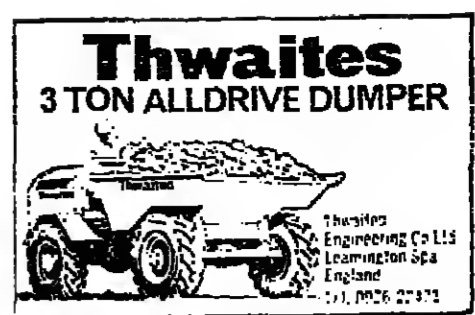


FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

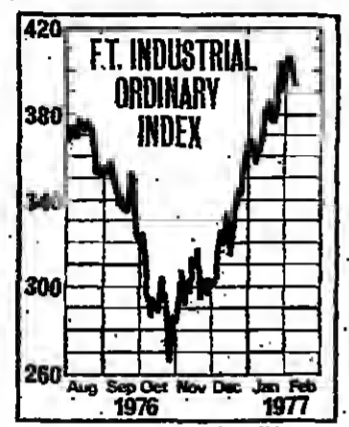
Cough vaccine warning given

Britain could face a whooping cough epidemic unless the vaccine is given to parents whose children have a brain-damaged by vaccines at their first year for a Government decision on compensation.

BUSINESS

Equities slip 5.3 but gilts rally

● CILTS rallied on hopes for lower interest rates. Long-dated stocks closed with gains of 1.1, while other issues advanced up to 1. The FT Government Securities Index rose 0.08 to 65.87.



Another 23 die in Smith war

Condemnation of last Sunday's murders of seven white missionaries continued, and as earlier robbery of another mission was revealed. Rhodesian military headquarters announced that 23 more persons had died in the past 10 days.

Labour group to counter Left

Labour Party pressure group will campaign to halt the rise of the Left to be set under the leadership of Mr. William Rodgers, Secretary for Transport, and a leading party moderate. Page 7

Man charged with Pont murder

22-year-old unemployed clerk charged at Belfast Magistrates Court yesterday with the industrial murder of Mr. Frey Agate, Du Pont chief in Northern Ireland. The man was charged with murder of a police constable. Earlier another man, aged 19, had been charged with the murder of the policeman. Both men were bailed in custody until February 15.

Wilson denial

Harold Wilson yesterday used a further denial of allegations made by Mr. Joe Haines, former Press Secretary, that he had been involved in a plot to assassinate the Prime Minister during his premiership. Page 14

Van escape

21-year-old man who was taken from Brixton jail to a drugs charge in court, escaped from a prison van when stopped at traffic lights in Wood, south London. At Hornsea jail, Briston, a prisoner fled on to the roof and set tiles at prison staff.

Briefly

● Zagreb air controllers were charged with being responsible for last September's air collision over Yugoslavia in which 176 people died.

Companies

● IMPERIAL GROUP made record pre-tax profit of £129.57m. (£108.8m.) on sales of £2.87bn. (£2.35bn.) in the year to October 31. Page 19 and Lex

Price changes yesterday

Prices in pence unless otherwise indicated

Booker McConnell	187	-	9
Davy Intra.	176	-	6
EAH	220	-	8
Cricket	443	-	7
Crippen	40	-	3
Hammerman A	375	-	3
Imry Prop.	137	-	3
Lucas Ind.	231	-	8
Meat Trade Suppliers	95	-	7
Qval	212	-	6
RMC	87	-	7
Royal Insurance	298	-	6
Simon Eng's	141	-	8
Smith (W.H.) A	272	-	6
Time and Lyle	272	-	6
Trust Houses Forte	128	-	4
Union Discount	305	-	10
BP	212	-	6
Shell Transport	910	-	20
Oil Explor.	212	-	6
Pacific Copper	26	-	7
Westfield Minerals	93	-	7
Whim Creek	80	-	8

Concern over rising export prices

Optimistic survey by CBI forecasts investment revival

BY ADRIAN HAMILTON

British exporters are beginning to express concern about the relative price of their goods in foreign markets, according to the latest Confederation of British Industry quarterly survey of industrial trends.

The concern is expressed in a pressure on companies. While the Government has so far sought a policy of resisting the upward pressure of sterling on the exchange markets and seeking a third phase of wage restraint, the latest evidence shows the increasing tension inherent in this strategy.

Reports from the CBI regions give some evidence that some companies are experiencing difficulties over recruitment of skilled and unskilled labour (in the car industry particularly). This evidence has been reinforced by individual statements from both individual unions and management.

Yet the increasing international competition for exports at a time of relatively slow growth in world trade would seem to leave no room for a rapid rise in wages, and is bound to make the authorities watch the exchange rate with care.

On the broader questions of growth and confidence, the CBI remains rather more optimistic.

TUC call for £2bn. reflation in Budget

By Roy Rogers, Labour Correspondent

A BLUEPRINT for a further period of wage restraint in return for a reflationary Budget boost of £2bn. including tax adjustments, improved pensions and other benefits, will be discussed by TUC leaders to-day.

Drawn up by the economic department, the TUC's Budget proposals may well attract criticism when they are other sections of the TUC's annual economic review are considered by the key economic committee this morning.

Criticism is expected from some Left-wing members who may argue that the proposals appear to accept in principle the Chancellor's offer of linking pay restraint to tax concessions while not making a firm enough stand against rising prices and unemployment.

In the final section of the review, circulated to committee members yesterday, the TUC urges the £2bn. reflation to increase the gross domestic product by 5.8 per cent. in 1977 and a similar amount in 1978 and move the economy on to what it calls a "growth path".

The TUC estimates that the effect of the suggested reflation would be less than £2bn. because employment creation measures also suggested would reduce unemployment and lead to a cut in the public sector borrowing requirement. It also maintains that the actual PSBR will be about £1bn. below the Treasury's original estimates any way.

Carter offers Russia deal on missiles

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Feb. 8.

PRESIDENT Jimmy Carter said to-day he was prepared to enter into a strategic arms limitation agreement with the Soviet Union that excluded the controversial Russian backfire bomber and American cruise missile. These could be encompassed in a later SALT III pact, he added.

He also urged the Soviet Union to cease mobile deployment of its limited-range SS-20 missile. If done, "that would be a very important point for us to join them in mutual agreement," and could mean that the U.S. would not have to engage in the expensive development of its own mobile missile capability. However, the President did not specifically link the SS-20 question to that of the cruise missile.

His first televised Press conference this afternoon was largely devoted to a candid and detailed exposition of his attitudes towards military dealings with the Soviet Union.

But he did refer directly to what he described as "the incarceration" of Alexander Ginzburg, the Soviet dissident, his first personal public pronouncement on the matter. But the President added, "I think of it as a human rights issue."

However, he stressed, as his Secretary of State, Mr. Vance, that human rights and arms issues "legitimately can be severed" from each other.

Mr. Carter went to great lengths to stress his determination to reach a SALT agreement with Russia and reasserted the theme of his inaugural address last month when he stated that "a long range goal" was "a complete elimination of nuclear weapons from the earth."

He said he had urged the Soviet Union to agree to mutual prior notification of the testing of intercontinental ballistic missiles and "to stop all nuclear testing for an extended period of time, at least two, three, four years."

He doubted that Russia needed further nuclear testing for some time, but he was reconsidering specifically the widening for navigational purposes of one of its rivers.

Describing the cruise missile and the backfire bomber as the two unresolved questions from the interim Vladivostok Pact of 1974, he went on: "I'd be willing to conclude a quick agreement, if they (the Russians) think it advisable, and omit the backfire bomber and the cruise missile from the negotiations at this stage, and then in SALT III talks, if necessary, put these two items back in."

The President also expanded at length and in remarkably frank terms on his assessment of the relative positions of U.S. and Soviet military power. "At the present time my judgment is that we have superior nuclear capability."

"The Soviet Union has more throwweight, larger missiles, larger warheads. We have more missiles, with a much higher degree of accuracy, and three different mechanisms in deliver them. Each independently adequate—submarines, aircraft and intercontinental missiles."

Later the White House said that Mr. Carter meant to say that the U.S. had more warheads not missiles.

The President added: "We are roughly equivalent, even though I think we are superior. I think that either the Soviet Union or we could destroy a major part of the other nation if a major attack was made, with losses in the 50m-100m. people range."

A threat of this kind of holocaust is what makes it imperative that we keep adequate deterrent capabilities." Later, referring to any agreement limiting strategic arms development, he stressed: "You've got to be sure the overall balance of deterrent is not disturbed."

Pay restraint extension comes under union fire

BY ROY ROGERS, LABOUR CORRESPONDENT

IN MOVES clearly designed to influence forthcoming pay policy negotiations between the TUC and the Government, leaders of Nottinghamshire miners, 160,000 busmen and 50,000 Ford motor workers yesterday announced their opposition to any further period of rigid wage restraint.

Delegates representing the 34,000 traditionally moderate Nottinghamshire miners voted to urge the National Union of Mineworkers annual conference in June to seek a 13.5 per cent. pay increase for 1977—£35 a week more than the present target and double the existing 1.67 faceworkers' rate.

At the same time, it was learned that busmen's leaders have drawn up a motion for the Transport and General Workers' Union's June conference opposing any extension of the social contract and demanding a return to free collective bargaining.

Ford union conveners, meanwhile, announced yesterday they were convinced that there was no support for the continuation of pay restraint now that the social contract had "dismally failed".

They have called a meeting of several hundred shop stewards from all Ford's U.K. plants who will be asked to support a claim for pay increases of up to 40 per cent to give parity with Ford's European workers, and a five-hour cut in the working week.

A similar demand was lodged for the Ford pay claim last October and by drawing up the Production of Leyland Mini and Jaguar engines was brought to a standstill yesterday by a strike by the 25 men at the company's Castle Bromwich body plant who want to be made redundant. Page 10

Mortgages

On tax adjustments the review calls for a £1.7bn. reduction in income-tax, by way of increased personal allowances and the introduction of a new 25 per cent. lower rate of tax. It adds that £200m. of this could be clawed back by limiting mortgage relief and other expenditure-based allowances to the new basic rate.

It is suggested that pensions be increased by £4 a week for a couple and £2.50 for a single person provided this is not less than entitlements under the Social Security Act.

Other measures urged on the Chancellor include the extension to the end of the year of the Temporary Employment Subsidy (at a cost of £70m.); £100m. to set up a job expansion subsidy amounting to an additional £80m. for the job creation programme; £35m. for extra training Service Agency courses and a further £40m. for retraining.

On unemployment the TUC has abandoned its earlier target of seeking a reduction to 600,000 by 1978 as unrealistic. It favours the Government target of 700,000 although it acknowledges that this is not now attainable before 1980, a year later than the Government's previous optimistic schedule.

Firms seek Morpeth changes

BY MICHAEL LAFFERTY, CITY STAFF

A NUMBER of the largest accounting firms want extensive modifications to be made to the new current cost accounting (CCA) system proposed by Mr. Douglas Morpeth's Industrial Accounting Steering Group. The Government has said it supports the Morpeth approach which is now open for a six-month discussion period.

The leading critics in the accountancy profession include such influential names as Deloitte, Price Waterhouse, Whimney Murray, and Coopers and Lybrand. But several other firms as well, including Peat Marwick Mitchell and Arthur Young McClelland Moores, want significant changes in the Morpeth proposals.

At Price Waterhouse, Mr. Graham Stacey, the firm's technical partner, takes a broadly similar view. He believes that ED 18 should be simplified by putting matters such as leasing, deferred tax and goodwill into separate accounting standards for later issue.

The new system should concentrate on current cost profits and indices should be adequate for all asset valuations.

Sir Ronald Leach, Peat Marwick's senior partner, also says the ED 18 will have to be improved. "To say that the impression account is not auditable is to say it is not worth having. It is an admission of failure," he said.

Last night Mr. Morpeth said that although the steering group welcomed constructive criticism, he personally was "not yet persuaded by any of the arguments for amplification."

"I can't see how we could relate current cost profits to an historic cost balance-sheet, and I cannot imagine that we could go back to saying that an historic cost balance-sheet gives a true picture. He promised that the steering group would try to "improve" the proposals as much as possible before a standard is issued.

The Accountancy Column Page 15

Argument

Mr. Carter even brought in the People's Republic of China to back up his argument that nuclear arms race must cease.

He said he had been told earlier to-day by Mr. Huang Chen, head of the Chinese diplomatic mission in Washington, that "the goal of the Chinese people is to reduce dependence on nuclear arms to zero."

If the U.S. and Russia could demonstrate their ability to control the proliferation of nuclear weapons, "we can go to other countries" (he mentioned several in Europe, including Britain) to find ways of reducing their dependence.

On other matters, Mr. Carter said he was reconsidering President Ford's directive that the U.S. sell the highly destructive "conclusion" bombs to Israel. These had never received the necessary State and Defence Department authorisations, he explained.

On the economic front he was at pains to stress the co-operation he had sought from the Congress in the drawing up of his economic stimulus package. He described his plan as "well balanced and well considered" and doubted that the Congress would make unacceptable amendments to it.



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Asbury 3pc 2028-2029	+4
Asbury 3pc 2029-2030	+4

LOMBARD

Capitalism and the Soviets

BY SAMUEL BRITTON

THE GREATEST intellectual blow to Marxism was the apparent post-war success of the Keynesian economics in reviving capitalism. For nearly 30 years high employment levels were combined in the West with moderate and reasonably steady rates of inflation, rising living standards and improving social services.

West taken as a whole to any known Communist system (the far greater productivity of the permitted small holdings in the Soviet Union than the large and mechanised collective farms speaks for itself).

The view that one could spend one's way to target levels of employment was decreed both in Moscow and Chicago. One side spoke of the "reserve army of the unemployed"; the other of the "natural rate of unemployment."

Vindicated

Unfortunately the critics appear to have been largely vindicated by events. The Keynesian synthesis has disintegrated amidst rising levels of both inflation and unemployment, as well as a check to real growth. Those establishment personalities who still argue for it can do so only by supplementing post-war management techniques in itself was quite compatible with market economics, with a whole garbage bag of measures such as direct interference with pay, prices and profits, bureaucratic attempts to outguess the market, the erection of special privileges for the trade union movement, previously unknown to the law. The point may yet come where Hungary or Poland may give a better approximation to a sensibly managed market economy than Britain or Italy.

Totalitarian

There is an even broader question raised by Mr. Lewis's work. There is no doubt that free institutions in the sense of the ability to change Government without force, civil liberties and Press freedom are under serious challenge from misguided zealots almost as much as from subversives. Should the counter-attack embody a defence of capitalism, at the risk of alienating all those—from democratic socialists to anti-commercial aesthetes—who dislike the label "Capitalism"? Probably not.

RACING

Friendly Builder above average

RUSHMERE. Rusthall, Friendly Builder, St. Torbay gave his half the field for today's £1,600 Chichester Hurdle at Fontwell, and Sussex racegoers seem sure to see an interesting race for this two mile one furlong event.

field of 18 there Willy Stephenson's charge never gave his supporters any grounds for worry, making all his own running to win with contemptuous

After his recent victory over Bronson in Cheltenham's Evesham Hurdle, Rusthall will probably head the market. In the exceptionally testing conditions there, the Saxon House representative put up a highly impressive display, forging clear of the favourite between the final flights to win by three lengths.

Following a promising run at Market Rasen, where he finished as well as any of his 18 opponents, it came as no surprise when the Newmarket challenger Friendly Builder was hacked down to 2 to 1 from twice these odds for a modest event at Worcester. On approaching the final flight on the Midlands track, Neville Callaghan's charge had the race sewn up in a matter of strides, winning far more easily than the four-length margin over Winstanwick might suggest.

SALEROOM

Contest over Indian chief's dress

AN extraordinary £34,000 was paid at Phillips yesterday for a Canadian Miamic Indian chief's costume and accessories. The lot was presented to a British officer, Captain Henry O'Halloran, on the banks of the Miramichie River in Nova Scotia in 1841, when he was made a chief of the tribe. The price was an auction record for a North American Indian dress.

The vendor was Mrs. Joyce Fairlie of Surrey, a great-great-granddaughter of Captain O'Halloran. The Phillips ethnographical auction totalled £44,537. Simpson, a New York dealer, paid £3,000 for an Easter Island male figure. In other sales, clocks and watches realised £81,200, a top price for £24,400 from Bankham for a piece by Thomas Cole. Furniture added £55,600.

BY DOMINIC WIGAN

GARDENS TO-DAY

And the greatest of these is Charity

WINTER FLOWERS are probably more convenient for winter than gardeners: how some water through the kitchen window above it, but I felt so badly about it that I could not face watering it myself.

The scent of the flowers is the distinction of this plant, so you must be sure to buy the right variety. Discussing this recently with two lady gardeners, who thought that everything was being mismanaged and that the Common Market had caused the prices of shrubs to double in two years, I found that they believed that Mahonia no longer smelt. They had bought three in a garden centre, choosing them for the length and arrangement of their pointed leaves. When they flowered, they seemed to have lost their scent.

I assume they had bought Mahonia "Charity," as anyone would who judged only from the leaves. These shade into greenish-grey and are longer and more elegant than those on the usual varieties. The "Charity" is a hybrid, said to have originated in Ireland. As is the way with hybrids, it is striking but scentless. Its parents are both very sweet, so the loss is especially annoying. If you want a superb hardy shrub of bold outline and handsome evergreen leaf, able to grow in a shaded north corner (though you must be fair to it, there as anywhere else) I still think Charity is worth your while. It flowers so freely, bearing long racemes of lemon yellow flowers in mid-winter. Be warned: I noticed an old plant of Charity in the Saville Gardens, Windsor, where it has grown well over 40 feet tall and as much across. Perhaps they were among the first to plant Charity and thus have a better idea than most nurserymen of the size which it attains. It has one tall parent, so you might expect it to grow freely.

Not, I think, as great as more ordinary of its parent Mahonia Japonica has been plagued with bad naming 100 years now, but I know finer Mahonia than this, the which remains as a manly shrub and bears so many sprays of clustered yellow flowers, scented like the valley. This is as tough shrub as you could wish will grow, within limits, in tall trees or in shade. I see it massed thickly on shaded back of a house with large-leaved Bercecia Balla hybrid in front of it. The contrast of their leaves, the lining and pointed, the ribs round as a cabbage, could be dull. In winter they tend to take on a reddish which adds to their beauty, but not very clear why plants of Mahonia Japonica colour more strongly in winter than others. So many or longer quite true to their entage, but it would be choosing your plants from nursery in winter in order to pick the best. They are green, naturally. About feet high, if you allow it across and block out any of the yellow flowers are arching stems spill out the centre of the shrub's pointed leaves. They are superbly scented.

BY ANTONY THORNCROFT

Very rare

One word, first, about the small prostrate form of the coniferous Metasequoia which I favoured last week: this can be bought, under the name of Sequoiadendron, from John Sprott, the Royal Nurseries, Merriott, Somerset, who list it and will probably still have some stock. I think it is handsome, though it is not for those who like small conifers to be glamorous. It is very rare. The Mahonia, which takes its name from Mr. McMahon, an early American nurseryman, is indispensable: I write about it because I am sure you would like it if you grew it, or grew more of it. It is not one of my "easy" but little-known plants, which require constant supervision by two jobbing gardeners, a game-warden and the county pest officer. I Charity and thus have a better idea than most nurserymen of the size which it attains. It has one tall parent, so you might expect it to grow freely.

BY JAMES McDONALD

Sterling faces a brighter year, says Midland chief

THE WORLD banking community has entered the year in "good cheer," Lord Armstrong, chairman of the Midland Bank, said in London yesterday. The failure of domestic loan demand to advance significantly in the U.S. had kept interest rates at relatively low levels, he told the conference on World Banking 1977, organised by the Financial Times in conjunction with Investors Chronicle and The Banker.

FINANCIAL TIMES

WORLD BANKING IN 1977

Of this mood of the servatism can find express the formulation of public Mr. Carter, unlike his predecessor, may yet be able to bring an American economy on a stable growth, the best which should extend far the boundaries of the U. In a foreign banker at the City of London is Mr. Kazuo Tomihashi, Manager of the Full London branch said he was confident the City would be the centre of interna finance. "There is no doubt about this year, whilst not being, from difficulties, has an growing optimism which will permeate through activities in 1977. If a attitude prevails in the medium term outlook the City could be cautious mism."

Radio

Indicates programme in black and white. BBC 1 9.15 a.m. For Schools, Colleges 10.45 a.m. and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Along the Trail. 2.00 For Schools, Colleges. 2.55 Regional News (except London). 3.55 Play School. 4.20 The Wombles. 4.25 Jackanory. 4.40 The Great Grape Ape Show. 5.00 John Craven's Newsround. 5.10 The Phoenix and the Carpet. 5.40 News. 5.55 Nationwide (London only).

6.20 Nationwide. 6.45 Holmes and Yojo. 7.10 The Coodies. 7.40 Rouse. 8.10 Kojak. 9.00 News. 9.25 The Secret War. 10.15 Sportlight. 11.05 10-night. 11.45 Weather/Regional News. All Regions as BBC 1 except at the following times:— Wales—3.15-3.45 a.m. Tysgolion. Ffynestri. 4.40 Crystal Tings and Alistair. 4.45-5.00 Lion a Liwyd. 5.55-6.20 Wales To-day. 6.45 Heddiw. 7.10-7.40 Pobol y Cwm.

11.45 News and Weather for Wales. Scotland—10.23-10.43 a.m., 2.19-2.38 and 2.40-3.00 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland. Northern Ireland—10.23-10.45 a.m. For Schools; Ulster in Focus. 2.53-3.35 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland. England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

10.30 The Wednesday Special Football—England v. Holland. 11.30 Panthers. 12.25 a.m. Close: Roger Snowden. All ITV Regions as London except at the following times:— ANGLIA 12.30 p.m. Who's Baby? 1.25-1.55 a.m. News. 2.20-2.50 a.m. News. 3.50 Mr. and Mrs. 5.15-5.45 a.m. News. 6.30-6.55 a.m. News. 7.25-7.55 a.m. News. 8.30-9.00 a.m. News. 9.55-10.25 a.m. News. 11.00-11.30 a.m. News. 11.55-12.25 a.m. News. 1.00-1.30 a.m. News. 1.55-2.25 a.m. News. 2.50-3.20 a.m. News. 3.55-4.25 a.m. News. 5.00-5.30 a.m. News. 6.00-6.30 a.m. News. 7.00-7.30 a.m. News. 8.00-8.30 a.m. News. 9.00-9.30 a.m. News. 10.00-10.30 a.m. News. 11.00-11.30 a.m. News. 11.55-12.25 a.m. News. 1.00-1.30 a.m. News. 1.55-2.25 a.m. News. 2.50-3.20 a.m. News. 3.55-4.25 a.m. News. 5.00-5.30 a.m. News. 6.00-6.30 a.m. News. 7.00-7.30 a.m. News. 8.00-8.30 a.m. News. 9.00-9.30 a.m. News. 10.00-10.30 a.m. News. 11.00-11.30 a.m. News. 11.55-12.25 a.m. News. 1.00-1.30 a.m. News. 1.55-2.25 a.m. News. 2.50-3.20 a.m. News. 3.55-4.25 a.m. News. 5.00-5.30 a.m. News. 6.00-6.30 a.m. News. 7.00-7.30 a.m. News. 8.00-8.30 a.m. News. 9.00-9.30 a.m. 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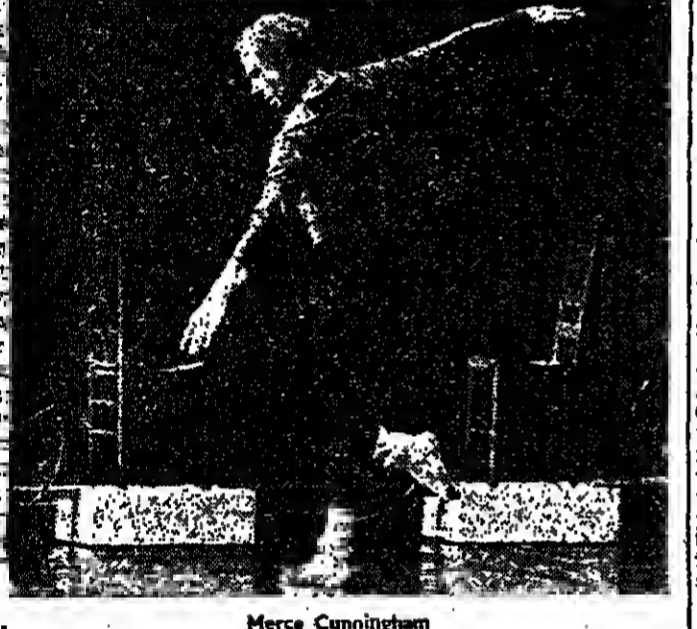
New York ballet

Merce Cunningham

by DAVID VAUGHAN

Among the biggest successes of the current New York season have been two uncompromisingly avant-garde events that might previously have been considered commercial terms, box-office poison: the Robert Wilson/Philip Glass "opera" *Einstein on the Beach*, which sold out two Sunday evenings at the Met, and a week's season by Merce Cunningham and Dance Company, which packed the Minskoff Theatre on Broadway. Cunningham's last uptown engagement was as one of a group of modern dance companies that jointly failed to sell-out the Billy Rose Theatre eight years ago. Since then, he has created a number of new works that have been seen by New York audiences only as part of the "Events" presented in his spacious studio in the West Village or last winter, at the off-Broadway Roundabout Theatre. The idea of dancing on Broadway is in itself of no interest to Cunningham, but he wanted to show these pieces as they have been seen out of town (as well as in Australia and Japan), with their own décor and scores.

The opening night programme included the premiere of a new dance, *Truoglogue*, young British painter Mark Whittier reunited Cunningham with his most famous collaborator, John Cage, who continues to be the company's musical adviser, and Robert Rauschenberg, who ceased to be the resident designer at the end of the world tour in 1964. Cunningham's component parts were not assembled until the last moment: the result is one of the most ravishing spectacles to be seen in a New York theatre for years.



Cage's accompaniment consists of recorded bird-calls and telephone messages (weather reports, Dial-a-Diner, etc.). The main feature for the history of his work, Rauschenberg's décor is a pany, in which there has been a white platform and in recent years, and by extension, separated by bicycle wheels; at the beginning this is dragged on a stage at the end of a white rope with the dancers seated on the chairs. Later, two authentic male virtuosi in enormous collage banners Chris Kolar and Robert Rauschenberg from the dies. As the senior member, he developed and accessories are added to a quiet authority as well as a sense of timing. Among the newer dancers, male dancer performs a variety of roles with a lot of potential star.



Yuri Masurok, Nicolai Gedda, Norma Burrows and Liliana Molnar-Talajic in the Royal Opera's 'Un Ballo in Maschera' which opened last night at Covent Garden

Television

Tea-time toughs

by CHRIS DUNKLEY

Contrary to a common misconception among fathers who only see children's television while on the way to or from digging the garden on Saturday morning or on a week-day afternoon while recovering from a rare bout of flu, children's programmes do not consist of one-third mindless pop music, one-third incomprehensible American cartoons, and one-third murderous violence. It is true that there is far too much of all three of these ingredients. We (in our early 30s) were lucky as teenagers, thanks to *The Beatles*, *The Rolling Stones* and *The Who*, English pop music was tuneful, exciting, inventive, rebellious, poetic, wicked and inspiring by turns and occasionally all at once. In addition it set the pace and the pattern for the world.

of anything differing from Craven's. Such devoted following puts an unusually heavy obligation on the whole *Newsworld* team to ensure that their items are placed very clearly in context, and that their scripts are as difficult as possible to misinterpret. There are even now children in London playgrounds who will swear that John Craven says we are at war with Ethiopia, and that London is going to be under volcanic ash like Pompeii.

Television enthusiastically pushed and rode the bandwagon. Now, 15 years on, there is a terrible dearth of good or exciting pop music to fill the space in the middle ground which television still provides for it. Groups such as *The Rubettes* appear on shows such as *Multi-Coloured Swap Shop* to perform with pseudo American accents and numbers such as "Baby I Know" with a mind numbing monotony that must deaden the musical palates of all the children who listen. Muddy booted, in pity and pray for a renaissance.

Country Serok on BBC1 seems to try for a similarly non-patronising tone, but—in last week's episode, anyway, with Susan King looking at North Ronaldsay—does not seem to manage it, quite.

The American cartoons continue, as they have since the birth of Mickey Mouse, with their sheer dynamism engaging the children even though the vocabulary and pronunciation must mean practically nothing to most of them.

John Craven, on the other hand, with *Newsworld* has achieved a rapport with the nation's children which must be the bane of every parent's life.

NOTICE OF REDEMPTION

United Merchants Overseas Capital Corp. N.V.

9% Guaranteed Sinking Fund Debentures due March 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 1, 1970 under which the above designated Debentures were issued, \$661,000 aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption through the operation of the sinking fund on March 1, 1977.

\$1,000 Coupon Debentures																
M 4	941	3872	4320	5188	5953	6703	7219	8713	9758	10570	11223	11797	12790	13272	14425	
10	10250	10318	4401	5208	5938	6418	7247	7837	8717	9589	10399	11227	11825	12641	13286	14271
11	1117	2238	4418	5215	5857	6490	7123	7817	8748	9795	10590	11431	11856	12684	13286	14272
12	1119	2218	4438	5220	5880	6480	7124	7824	8777	9821	10628	11477	11902	12730	13330	14321
13	1120	2219	4439	5221	5881	6481	7125	7825	8778	9822	10629	11478	11903	12731	13331	14322
14	1121	2220	4440	5222	5882	6482	7126	7826	8779	9823	10630	11479	11904	12732	13332	14323
15	1122	2221	4441	5223	5883	6483	7127	7827	8780	9824	10631	11480	11905	12733	13333	14324
16	1123	2222	4442	5224	5884	6484	7128	7828	8781	9825	10632	11481	11906	12734	13334	14325
17	1124	2223	4443	5225	5885	6485	7129	7829	8782	9826	10633	11482	11907	12735	13335	14326
18	1125	2224	4444	5226	5886	6486	7130	7830	8783	9827	10634	11483	11908	12736	13336	14327
19	1126	2225	4445	5227	5887	6487	7131	7831	8784	9828	10635	11484	11909	12737	13337	14328
20	1127	2226	4446	5228	5888	6488	7132	7832	8785	9829	10636	11485	11910	12738	13338	14329
21	1128	2227	4447	5229	5889	6489	7133	7833	8786	9830	10637	11486	11911	12739	13339	14330
22	1129	2228	4448	5230	5890	6490	7134	7834	8787	9831	10638	11487	11912	12740	13340	14331
23	1130	2229	4449	5231	5891	6491	7135	7835	8788	9832	10639	11488	11913	12741	13341	14332
24	1131	2230	4450	5232	5892	6492	7136	7836	8789	9833	10640	11489	11914	12742	13342	14333
25	1132	2231	4451	5233	5893	6493	7137	7837	8790	9834	10641	11490	11915	12743	13343	14334
26	1133	2232	4452	5234	5894	6494	7138	7838	8791	9835	10642	11491	11916	12744	13344	14335
27	1134	2233	4453	5235	5895	6495	7139	7839	8792	9836	10643	11492	11917	12745	13345	14336
28	1135	2234	4454	5236	5896	6496	7140	7840	8793	9837	10644	11493	11918	12746	13346	14337
29	1136	2235	4455	5237	5897	6497	7141	7841	8794	9838	10645	11494	11919	12747	13347	14338
30	1137	2236	4456	5238	5898	6498	7142	7842	8795	9839	10646	11495	11920	12748	13348	14339
31	1138	2237	4457	5239	5899	6499	7143	7843	8796	9840	10647	11496	11921	12749	13349	14340
32	1139	2238	4458	5240	5900	6500	7144	7844	8797	9841	10648	11497	11922	12750	13350	14341
33	1140	2239	4459	5241	5901	6501	7145	7845	8798	9842	10649	11498	11923	12751	13351	14342
34	1141	2240	4460	5242	5902	6502	7146	7846	8799	9843	10650	11499	11924	12752	13352	14343
35	1142	2241	4461	5243	5903	6503	7147	7847	8800	9844	10651	11500	11925	12753	13353	14344
36	1143	2242	4462	5244	5904	6504	7148	7848	8801	9845	10652	11501	11926	12754	13354	14345
37	1144	2243	4463	5245	5905	6505	7149	7849	8802	9846	10653	11502	11927	12755	13355	14346
38	1145	2244	4464	5246	5906	6506	7150	7850	8803	9847	10654	11503	11928	12756	13356	14347
39	1146	2245	4465	5247	5907	6507	7151	7851	8804	9848	10655	11504	11929	12757	13357	14348
40	1147	2246	4466	5248	5908	6508	7152	7852	8805	9849	10656	11505	11930	12758	13358	14349
41	1148	2247	4467	5249	5909	6509	7153	7853	8806	9850	10657	11506	11931	12759	13359	14350
42	1149	2248	4468	5250	5910	6510	7154	7854	8807	9851	10658	11507	11932	12760	13360	14351
43	1150	2249	4469	5251	5911	6511	7155	7855	8808	9852	10659	11508	11933	12761	13361	14352
44	1151	2250	4470	5252	5912	6512	7156	7856	8809	9853	10660	11509	11934	12762	13362	14353
45	1152	2251	4471	5253	5913	6513	7157	7857	8810	9854	10661	11510	11935	12763	13363	14354
46	1153	2252	4472	5254	5914	6514	7158	7858	8811	9855	10662	11511	11936	12764	13364	14355
47	1154	2253	4473	5255	5915	6515	7159	7859	8812	9856	10663	11512	11937	12765	13365	14356
48	1155	2254	4474	5256	5916	6516	7160	7860	8813	9857	10664	11513	11938	12766	13366	14357
49	1156	2255	4475	5257	5917	6517	7161	7861	8814	9858	10665	11514	11939	12767	13367	14358
50	1157	2256	4476	5258	5918	6518	7162	7862	8815	9859	10666	11515	11940	12768	13368	14359
51	1158	2257	4477	5259	5919	6519	7163	7863	8816	9860	10667	11516	11941	12769	13369	14360
52	1159	2258	4478	5260	5920	6520	7164	7864	8817	9861	10668	11517	11942	12770	13370	14361
53	1160	2259	4479	5261	5921	6521	7165	7865	8818	9862	10669	11518	11943	12771	13371	14362
54	1161	2260	4480	5262	5922	6522	7166	7866	8819	9863	10670	11519	11944	12772	13372	14363
55	1162	2261	4481	5263	5923	6523	7167	7867	8820	9864	10671	11520	11945	12773	13373	14364
56	1163	2262	4482	5264	5924	6524	7168	7868	8821	9865	10672	11521	11946	12774	13374	14365
57	1164	2263	4483	5265	5925	6525	7169	7869	8822	9866	10673	11522	11947	12775	13375	14366
58	1165	2264	4484	5266	5926	6526	7170	7870	8823	9867	10674	11523	11948	12776	13376	14367
59	1166	2265	4485	5267	5927	6527	7171	7871	8824	9868	10675	11524	11949	12777	13377	14368
60	1167	2266	4486	5268	5928	6528	7172	7872	8825	9869	10676	11525	11950	12778	13378	14369
61	1168	2267	4487	5269	5929	6529	7173	7873	8826	9870	10677	11526	11951	12779	13379	14370
62	1169	2268	4488	5270	5930	6530	7174	7874	8827	9871	10678	11527	11952	12780	13380	14371
63	1170	2269	4489	5271	5931	6531	7175	7875	8828	9872	10679	11528	11953	12781	13381	14372
64	1171	2270	4490	5272	5932	6532	7176	7876	8829	9873	10680	11529	11954	12782	13382	14373
65	1172	2271	4491	5273	5933	6533	7177	7877	8830	9874	10681	11530	11955	12783	13383	14374
66	1173	2272	4492	5274	5934	6534	7178	7878	8831	9875	10682	11531	11956	12784	13384	14375
67	1174	2273	4493	5275	5935	6535	7179	7879	8832	9876	10683	11532	11957	12785	13385	14376
68	1175	2274	4494	5276	5936	6536	7180	7880	8833	9877	10684	11533	11958	12786	13386	14377
69	1176	2275	4495	5277	5937	6537	7181	7881	8834	9878	10685	11534	11959	12787	13387	14378
70	1177	2276	4496	5278	5938	6538	7182	7882	8835	9879	10686	11535	11960	12788	13388	14379
71	1178	2277	4497	5279	5939	6539	7183	7883	8836	9880	10687	11536	11961	12789	13389	14380
72	1179	2278	4498	5280	5940	6540	7184	7884	8837	9881	10688	11537	11962	12790	13390	14381
73	1180	2279	4499	5281	5941	6541	7185	7885</								

EUROPEAN NEWS

Allon attacks EEC trade and aid policy for Israel

MR. YIGAL ALLON, the Israel Foreign Minister, today publicly accused the EEC of running an excessively large trade surplus with his country and of giving insufficient aid particularly as compared to many Arab states.

Speaking at a ceremony in Brussels marking the signature of a £12.5m. loan protocol with the EEC, Mr. Allon departed from the tradition of diplomatic niceties usually observed at such occasions by complaining that the arrangement was "both very limited in extent and unsatisfactory in its terms."

He said Israel had hoped that the size of the loan to be made by the European Investment Bank would have borne some "direct relationship" to its large trade deficit with the EEC.

U.K. pledge never again to employ torture

THE BRITISH Government today admitted it had used torture techniques on detainees in Northern Ireland, but gave a solemn pledge to the European Court of Human Rights that it would never do so again.

Spain seeks formula for tacit Communist legality

THE HIGHLY sensitive issue of the Communist Party's role in Spain was again in the forefront of political discussions today. The Cabinet, headed by Prime Minister Adolfo Suarez, is understood to have spent most of today's meeting arguing over formulae that would permit the rapid legitimisation of most political parties, leaving the position of the Communists less well-defined.

This would affect the other main item of the Cabinet agenda—the resumption of full diplomatic relations with the Soviet Union. While the Cabinet has agreed on the necessity of exchanging ambassadors with Moscow, there is anxiety over extreme right-wing reaction if the door is opened to the ubiquitous Communist Party at the same time.

As a tactical spur to the Cabinet's deliberations, representatives from the French and Italian parties have arrived in Madrid to lay the foundations for a possible Euro-Communist summit in Spain later this month or early next month.

W. German firm on Brazilian N-deal

A STIFFENING in Bonn's attitude towards the controversial West German nuclear deal with Brazil is discernible in the light of the joint declaration of nuclear exports made at the summit of Franco-German leaders last week.

German Mideast trade mission

BY NICHOLAS COLCHESTER

BONN, Feb. 8

HERR Hans-Dietrich Genscher, the West German Foreign Minister, left today for the Middle East, accompanied by 22 West German bankers and industrialists.

But German and Arab sources alike pointed out that since becoming a member of the United Nations Security Council on January 1, Bonn no longer can avoid playing at least a limited political role in the Middle East conflict.

The German minister told a Syrian newspaper last week that he believes the dialogue now beginning between Europeans and Arabs should aim at long-term economic, technical, social and cultural co-operation.

Nine face \$3bn. rise in oil costs

BY DAVID BUCHAN

LUXEMBOURG, Feb. 8

THE RECENT OPEC oil price rises will add an extra \$3.2bn. to the EEC's oil bill this year and cut economic growth by a third of 1 per cent.

These new estimates show that the effect of the December price rises "may be somewhat less burdensome than some pessimists feared," he said but added they are, nevertheless, serious.

Committee calling for price protection for alternative sources of energy. The resolution said "the Community's stance on a minimum protection price is an acid test of the Council's will to think and act in concert."

Dutch strikes spread

BY MICHAEL VAN OS

AMSTERDAM, Feb. 8

DUTCH strikes spread further today as the national pay dispute threatened to become the biggest Dutch labour dispute since the war.

The trade unions, which are striking for the maintenance of automatic wage indexation and social reforms, claimed today that 70 companies employing nearly 13,000 people in four main industries are now affected by selective action.

The third and final round of labour talks at Philips, Holland's largest private employer, failed early this morning after six-hour talks.

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Rome clash with unions avoided

BY PAUL BETTS

ROME, Feb. 8

ALTHOUGH Italy's three main trade union confederations decided today against calling a general strike over the Government's latest measures against inflation, a number of wildcat strikes erupted this morning.

The unions, however, have reacted even more angrily against the Government's decision to penalise companies which award fringe benefit increases during the current state of inflationary agreements.

In Turin, where shop stewards are now negotiating a new collective factory agreement which includes monthly fringe benefits of the order of £10,000, some 12,000 workers went on a wildcat strike against what they called "Government intimidation tactics."

Both the Communists and the Italian Socialist Party have warned that they will propose numerous amendments when the new anti-inflationary measures are debated shortly in parliament.

Direct elections plan delayed

BY OUR OWN CORRESPONDENT

LUXEMBOURG, Feb. 8

THE EUROPEAN Parliament today gave the EEC Commission until the end of March to programme on direct elections.

Late last year the Parliament produced a detailed information programme on direct elections.

But Sig. Lorenzo Natali, the Commissioner given special responsibility by Mr. Jenkins for liaising with the Parliament on direct elections, simply took note of today's resolution.

Czech leaders stress unity, lash critics

BY PAUL LENDVAI

VIENNA, Feb. 8

IN A TENSE atmosphere of resumed public attacks on the human rights movement Charter 77, a Soviet Communist Party delegation headed by Mr. Ivan Kapitonov, a senior secretary of the central committee of the party arrived today in Prague.

Mr. Bilak, regarded by most observers as a prominent hard-liner, emphasised that the "treacherous attack of subversive elements show that a systematic waged against right-wing opposition."

Former Foreign Minister Mr. Jiri Hajek and Prof. Jan Patočka, the spokesman of the human rights movement, sent a letter this week to the Czechoslovak parliament protesting against a warning by the State Prosecutor.

One of the greatest living Hungarian writers, Tibor Dery, revealed last night in an interview shown on Vienna television that he had refused to sign a message of solidarity with the Charter 77 human rights movement in Czechoslovakia.

Godfrey Davis Contract Hire advertisement. Text: "Most of the services you are likely to need you get automatically with Godfrey Davis Contract Hire. These services can be added to or adapted to suit your individual needs."

Authors Wanted advertisement. Text: "Leading book publishers seek authors of all types fiction, non-fiction, scholarly and religious work. New authors welcome. Send your name, address, and a short bio to: Authors Wanted, 518 W. 4th St. New York 10011."

QF2 The Qantastic Australia daily bird. Advertisement for Qantas flights. Text: "Every day of the week, at the very convenient time of 5.30 p.m. this Qantastic bird leaves London on its way to Sydney and Melbourne. And no matter where you are in the U.K., easy connecting flights from all domestic airports will get you to Heathrow in plenty of time to be on board."

QANTAS THE AUSTRALIAN AIRLINE. Advertisement with logo and contact information. Text: "To the Travel Manager, Qantas, 500 Chiswick Road, London W4 5RW. Please send me the Qantastic Book of Asian stopovers and holidays in Australia."

AMERICAN NEWS

Canadian jobless at record high in January

OTTAWA, Feb. 8. UNEMPLOYMENT in January was 888,000 the highest since monthly labour statistics began to be collected in 1953, Statistics Canada reported today.

The federal agency said that the jobless rate last month, after seasonal variations, was 7.5 per cent. That rate is the same as December, but the highest for a January since 1953. The unemployment rate was 6.5 per cent in January 1976, the unemployment rate was 6.6 per cent and there were 800,000 persons without work in December, there were 754,000 persons unemployed.

The high, seasonally adjusted rate for January reflects a rising unemployment trend. In the last five months, the jobless rate has been more than 10 per cent equivalent months a year.

Victor Mackie, finance minister, Mr. Donald Macdonald yesterday that wage and price controls provided that agreement can be reached between labour and business, on a post-control restraints. His immediate strengthened speculation which followed a federal provincial finance ministers meeting last week that the wage and price controls programme would cease this summer or autumn.

He said that removal of the controls would not be difficult. The real difficulty, he said, was the discussions this past week, both labour and the provinces, is that we sought from a reaction on a number of methods of getting out of control. He said he warned that the post-control period with the government clamping down on wage demands in the public sector, there would be the risk of strikes in the public service.

Mr. Macdonald said that Ottawa and the provinces have issued different approaches to controlling controls. If it were possible with labour and business management, the private sector, federal and provincial governments, to agree on a set of post-control restraints, he could be removed this year.

If there were no agreement, the federal government would have to resort to a process of phasing out controls. This process would run well into 1978.

NYC granted six months to repay short-term debt

BY JAY PALMER

NEW YORK, Feb. 8.

NEW YORK City this morning won a major victory in its battle to delay being forced to pay off more than \$1bn. of short-term debt when New York State's highest Court of Appeals accepted its plea for more time to find the cash.

The Appeals Court, which last November invalidated an unconstitutional city moratorium on debt repayment, today gave the city at least six more months to pay off the greater part of this debt and ordered the entire matter turned over to a lower court for further discussions about details of repayment.

Since the court ruling last autumn, the city has been struggling to find \$1bn. to comply with the court-ordered repayment. Last week the city failed to meet the repayment deadline and the matter went back to the Appeals Court.

This morning, the appeals judges ruled that New York City must repay more or less immediately a small part of the total \$1bn. — the \$350,000 worth of the city's continuing negotiations with the banks and unions is that many earlier objections and hurdles have now been removed. The banks appear to have dropped their demands that the union's accept an independent moderator to oversee pay claims before providing cash while the unions have stopped insisting that the banks must provide the cash first.

debt held by "institutional or corporate investors." This extra time should give the city and its financial advisers time to negotiate special funding for repayment with its leading creditor banks and the pension funds of its biggest municipal unions.

Most recent reports from the city's continuing negotiations with the banks and unions is that many earlier objections and hurdles have now been removed. The banks appear to have dropped their demands that the union's accept an independent moderator to oversee pay claims before providing cash while the unions have stopped insisting that the banks must provide the cash first.

The judges also ruled that the city must repay any individual citizen, holding debt within 30 days of their application for repayment. However, the court gave the city a legally protected six months to arrange the repayment of the greatest part of the total

debt held by "institutional or corporate investors." This extra time should give the city and its financial advisers time to negotiate special funding for repayment with its leading creditor banks and the pension funds of its biggest municipal unions.

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Ford backs Carter on Sakharov

BY DAVID BELL

WASHINGTON, Feb. 8.

THE CARTER administration has received some unexpected support for its criticism of Soviet treatment of dissidents from Mr. Gerald Ford, the former President, who now concedes that he wishes he had invited Mr. Alexander Solzhenitsyn to the White House while he was in office.

Mr. Ford was answering questions from students at Yale, where he is spending some time as a visiting fellow. He told them that he regretted his refusal to see the Soviet author at the White House, a refusal that was later strongly criticised by Mr. Ronald Reagan, his Republican opponent for the presidential

nomination. The former President's refusal to see the Russian writer was ascribed at the time to pressure from Dr. Henry Kissinger, then Secretary of State, who feared the impact that it might have had on the strategic arms limitation talks (SALT). The Carter Administration has made clear that it rejects the idea that progress over arms should be linked to other questions such as the treatment of dissidents.

Mr. Ford said that the Sakharov issue was a "legitimate issue" and ought to be raised in view of the human rights agreements reached with the Russians at Helsinki in 1975. "I think it

would have been better for me to have had Mr. Solzhenitsyn to my Oval Office," he added. Mr. Ford's refusal to see Mr. Solzhenitsyn in July 1975, was one of a number of points which the Republican Right later seized on in its effort to portray him as soft on the Russians. His dismissal of Dr. James Schlesinger as Secretary of Defence was another. But Dr. Schlesinger lived to fight another day and is now President Carter's chief energy adviser.

Mr. Ronald Reagan, the man whose rival candidacy so damaged Mr. Ford throughout the first half of last year, was also doing some public reflecting yesterday. He told reporters that he might well have accepted the vice-presidential nomination in Kansas City if the President had ordered it to him the morning after he finally defeated the Californian for the nomination.

Cuba talks may be near

BY JUREK MARTIN

WASHINGTON, Feb. 8.

THE U.S. and Cuba could be on the verge of bilateral talks in three areas—hijacking, travel and fishing—as part of the process of "normalisation" of relations which the new Carter administration is keen to pursue.

Mr. Cyrus Vance, the U.S. Secretary of State, has referred on various occasions recently to normalisation of relations. But at the same time, the U.S. Treasury recently stopped a Canadian travel company from soliciting U.S. citizens to join its package tours to Cuba. Advertisements placed by Unifours Canada in newspapers of four U.S. cities had elicited a favourable response with, according to Unifours, about 600 Americans expressing interest in Cuban holidays in the one month

(January) in which the advertisements appeared. The Treasury action consisted of no more than an application of the law as it exists today—cases that the Reagan forces made clear at the time that their man would have nothing to do with any Ford approach. Mr. Ford never offered him the job and apparently never even thought of doing so.

Venezuela refuses to indemnify Occidental

By Joseph Mann

CARACAS, Feb. 8.

THE VENEZUELAN Government will not negotiate with Occidental Petroleum of Venezuela over the company's indemnification claims dating back to the nationalisation of all foreign oil companies early last year.

This decision was revealed by Venezuela's Petroleum Minister, Sr. Valentin Hernandez, after it was announced last week that Occidental was planning to sue the government for \$28m. in compensation for oil discoveries made in Lake Maracaibo. While other oil companies have received—and continue to receive—indemnification payments from the Venezuelan Treasury, the Government has not assigned a compensation figure to Occidental. Talks on the takeover of Occidental assets were halted by Venezuelan President Carlos Andres Perez in 1976 after a former Occidental employee charged in the U.S. that the American company had paid several million dollars in political contributions and bribes in Venezuela.

U.S. warned of flood risk

NEW YORK, Feb. 8.

AMERICANS to-day got their first major respite from the coldest winter this century, coupled with a warning of a serious flood risk in the spring. The National Weather Service said that warmer weather was moving into the snow-bound north-eastern states.

The National Oceanic and Atmospheric Administration (NOAA) said that melting snow could cause severe flooding if the spring thaw came quickly in March and April. The areas at greatest risk were into the Ohio River basin, north of Cincinnati, and the New York State-Pennsylvania region near the Canadian border. It said the heavy snow accumulations and ice block melting rivers would probably start melting to-day.

GUYANA'S FOREIGN POLICY Moving closer to Comecon but staying non-aligned

BY OUR GEORGETOWN CORRESPONDENT

POLITICAL OBSERVERS in Guyana have little doubt that speedy approval will be given to the country's application for a link-up with the Comecon, the Council for Mutual Economic Co-operation.

It is believed that a reply should reach the Guyana Government before mid-year, to be followed by negotiations to establish the exact relationship which should exist. According to the Economic Development Minister, Mr. Desmond Hoyte, there are no specific forms of association, but "the possibilities are manifold."

Guyana is poised to reconstruct its economy "along socialist lines," in the words of Mr. Forbes Burnham, the Prime Minister, following the nationalisation of the bauxite and sugar industries.

The economy will most probably be centrally planned by a new State Planning Commission to be established later this year, probably with socialist bloc assistance. By the end of the year a new eight year plan, starting from 1978, will be ready to take over from the 1972-76 Development Plan which has been rolled over into 1977.

These developments will certainly make the Guyanese economy more attractive to Comecon involvement. Comecon financing is becoming more and more attractive to some developing countries where there is urgent need for development capital and where foreign capital has become increasingly scarce. It is the same in the case of Guyana.

To a country publicly committed to eschewing the "capitalist-imperialist" path for one of "anti-imperialism and socialism," and where there is a powerful Marxist opposition, there is considerable interest in securing assistance from the socialist countries.

The areas of priority in Guyana's plan for industrial diversification are aluminium smelting, forestry development, paper and pulp production, and fisheries. The aluminium smelter project is linked to the development of a medium-sized hydro-power scheme and together the bill could total \$US.800m. Preliminary work is advanced on this project, and a possible financial package from Western sources is among the matters under consideration.

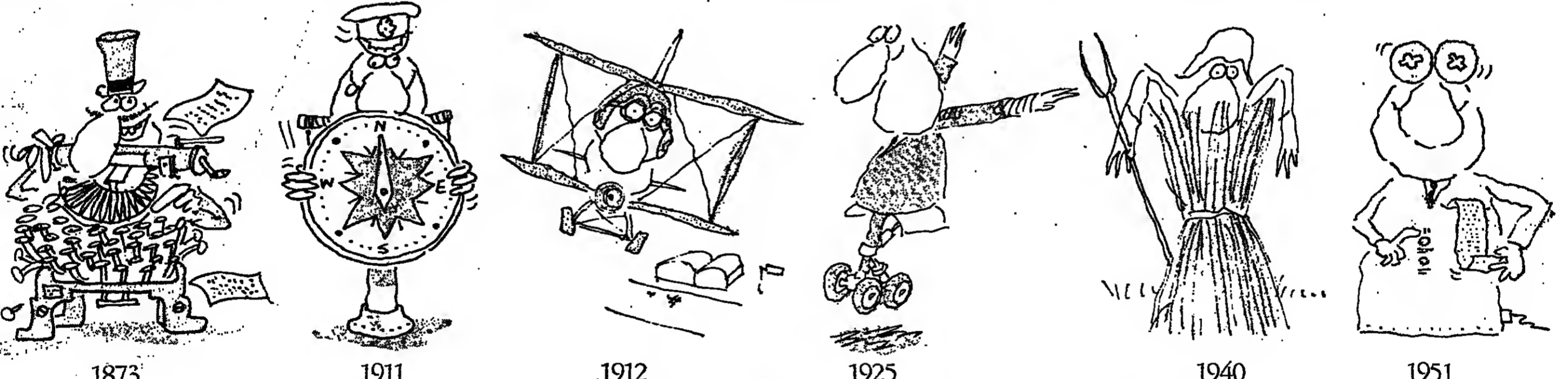
A Comecon package for Guyana's aluminium, like that for Cuban nickel, could provide for financing of the twin project as well as a guaranteed market for much of the product at stable prices. There are obvious

advantages in such a package for a country whose economy is seriously affected by the ups and downs of market forces for its primary commodities. The big question is to what extent the Guyana economy could become locked on to Comecon economies if an association is agreed upon, and what implications it would have for the country's political future. The Economic Development Minister was asked in an interview whether the application to Comecon meant Guyana was turning its back on the West? He replied: "Guyana is

not a non-aligned country and is willing to cooperate with Western countries on a basis of equity, mutual advantage, and respect for sovereignty." Asked whether it meant that Guyana was planning to move further into the socialist camp, he made it plain to state that while the Guyanese government was socialist, Comecon did not establish relations with developing countries necessarily on the basis of ideology. The example he cited was Mexico which entered association with CMEA in 1976. It is fair to add that that agreement has had few concrete results.

However, Comecon's interest in Guyana has certainly resulted from the many changes which have been taking place in this former British colony during this decade. These include a nationalisation policy, and the Government's public commitment to a socialist programme.

When Mr. Hoyte presented Guyana's application to the Executive Committee at its meeting on January 18-19 in Havana, Guyana already had bilateral agreements with several member states. Formal relations exist with Cuba, East Germany, Romania, the Soviet Union, and Yugoslavia. Bilateral agreements are to be negotiated with Bulgaria, Czechoslovakia, and Hungary.



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OVERSEAS NEWS

Tanzania-Kenya border stays shut

By John Worrall

NAIROBI, Feb. 8.

RELATIONS between Kenya and Tanzania worsened to-day as Kenya government ministers urged the Tanzanian authorities to open their border, which was in fact closed at the weekend and restore normal traffic.

But the border remained closed 10-day, trapping Kenyan lorries, buses, four vehicles and private cars on the Tanzanian side. Their Kenyan drivers have been taken into custody. Most of the stranded tourists, their transport impounded, have now been airlifted to Kenya from Kilimanjaro airport.

Late last night, after special arrangements with Tanzania had been made by the British Foreign Office, a British Airways Boeing 747, was diverted from its Johannesburg-Nairobi flight to Kilimanjaro airport to pick up 194 stranded tourists. Among the passengers were 35 Britons, 41 Americans and 15 people of other nationalities.

Accommodation in Nairobi was hurriedly found and a fleet of cars took them into the city. Some 600 tourists who had been doing the mouzoito circuit at Mount Kilimanjaro from Kenya have now been airlifted to Nairobi by various airlines.

Some Kenyans believe that the Tanzanian government is highly embarrassed by the border closure, which, sources say, was ordered by a junior official. This may well be the apology, if and when it comes. The Tanzanians believe that the Kenyans, sacked from the grounded East African Airways (EAA), are being harassed in Nairobi, and the border closure is the result of a reprisal. But the most popular theory is that Tanzania is furious over the unilateral grounding by Kenya of the bankrupt EAA fleet at Nairobi.

All Tanzanian EAA employees have been held in Nairobi for an airlift home which may take place to-morrow. So far, no official explanation of the border closure has been received in Nairobi.

One incident which could have been very ugly took place at the border a few days ago. A group of tourist vehicles was ordered to stop, but one driver drove on and was fired at as he tried to escape into Kenya. The tyres of his vehicle were destroyed by gunfire, but neither he nor his tourist passengers were injured.

To-night the Kenyan Government called on Tanzania to release all Kenyan citizens, vehicles and aircraft being held to "relieve present anxiety by Kenyans regarding the fate of their nationals and air property."

To-day, President Idi Amin of Uganda, commenting on the ills of the East African Community, said: "The law of the jungle, of highway robbery and banditry appears to have replaced all civility."

International Company News: General Motors results... CIL-Honeywell Bull... Farming and Raw Materials: Tungsten price rise continues... U.S. honey import curb plan...

Rhodesia wants trial of guerillas

SALISBURY, Feb. 8.

THE RHODESIAN Government has ordered security forces to try to capture alive the killers of the seven Roman Catholic missionaries murdered on Sunday night, according to informed sources here.

The Government, they say, wants to bring the murderers to trial, to disprove nationalist allegations that the Rhodesian army's Selous Scouts was responsible for the killings. Police said that 11 spent shells from Soviet-made automatic weapons were found at the scene of the massacre, St. Paul's Mission, 35 miles east of here. They said they believed the killers belonged to Mr. Robert Muzemba's Zimbabwe African National Union (ZANU).

UPI adds from Johannesburg: Botswana's Swazi air charter plane yesterday flew 57 black Rhodesian schoolchildren from a refugee camp here to Zambia, where they will receive guerrilla training to fight against the Smith regime.

Congress Party presents a law and order platform

BY DAVID HOUSEGO, ASIA CORRESPONDENT NEW DELHI, Feb. 8.

MRS. GANDHI went out of her way to project an image of collective leadership, when she launched the delayed election manifesto of the Congress Party here to-day.

"Congress has never been a one-person party," she declared, evidently anxious to rebut charges of authoritarianism that have been the main cause of her sudden loss of support. Her belief, she added, was the same as when she became Prime Minister: "I must be the humble servant of the people."

To reinforce the picture of humility and simplicity, Mrs. Gandhi sat cross-legged on the floor of the rostrum at Congress Party headquarters with her cabinet colleagues and senior party officials around her. She looked more relaxed than in recent public appearances.

The manifesto, the slogan of which has been clumsily translated in English as "Poverty must go, disparity must diminish, and injustice must end," was delayed to allow revision precipitated by the unexpected strength of the Opposition. Noticeably absent from the 20-page document is any reference to the Youth Congress, the vehicle of Mrs. Gandhi's son, Mr. Sanjay Gandhi, who is fast becoming the scapegoat for the excesses of the emergency.

Mrs. Gandhi launched into a tirade that is likely to be at the forefront of her campaign when she declared that India had achieved the stability acknowledged even by critics abroad. Underlying this law-and-order message, she manifesto claims that Opposition leaders had, before the declaration of the emergency, incited the armed forces to mutiny and threatened the integrity of the country by sowing violence and communal hatred.

In passages that the Opposition will inevitably throw back in Mrs. Gandhi's face, it says that under the Congress Party "democratic institutions have been built and nurtured." It defends the controversial amendments to the constitution carried through by Mrs. Gandhi as re-establishing harmony between the legislature, the executive and the judiciary, but leaving the independence of the judiciary intact.

Courageously, however, the manifesto stands by the family planning programme—the resentment at sterilisation is likely to lose Congress a lot of votes in northern India. Mrs. Gandhi also reiterated her support for the controversial Delhi slum clearance and resettlement programme, saying these have been praised by foreign observers.

The manifesto records the economic achievements of what is termed the "Indira decade" in India—Mrs. Gandhi has been Prime Minister for 11 years—and concludes with a 12-point economic and social programme designed to appeal to all classes but which shows no change in present Congress policy.

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WORLD TRADE NEWS

Japan reacts angrily against EEC over imposition of duty on bearings

TOKYO, Feb. 8.

BY DOUGLAS RAMSEY

TOKYO reacted angrily to-day to the 20 per cent anti-dumping duty, announced last night in Brussels, on Japanese ball bearing exports to the European Economic Community.

Mr. Tatsu Tanaka, the Minister for International Trade and Industry, indicated that Japan will appeal the anti-dumping penalties before the General Agreement on Tariffs and Trade (GATT) in Geneva later this month unless the EEC retracts its decision before then.

The announcement came as something of a shock to MITI and the ball bearing industry. Both take the view that the decision by the EEC Commission to impose anti-dumping penalties for how ever short a time—was essentially a political one.

"MITI considers the EEC move as a kind of show of force," commented the newspaper Aizabi Shimshun this afternoon. "It has been slow-progressing bilateral talks on shipping and farm products." (The shipping talks resumed at OECD headquarters in Paris on Tuesday.)

It was reported here that exports of two ball bearings supplied by the Seiko and Fuji Koshi will be subject to a 10 per cent anti-dumping duty. But neither company could confirm the report. Otherwise, Japanese exports of ball bearings will face a 20 per cent duty on a ton of the normal 9 per cent, customs tariff applied at EEC borders.

According to MITI officials, Tokyo was led to believe late last month that no anti-dumping action on ball bearings would be forthcoming from Brussels. It was assured that the same came at the conclusion of bearings at

EEC headquarters on January 18 and 19, when Japanese manufacturers said they were in the process of raising export prices to 10 per cent, then 33 per cent in Europe by between 5 and 10 per cent.

Mr. Tanaka said this morning that his Ministry had been monitoring the increase in export prices and thought, after

January to September were 15 per cent down (to \$53m.) on the same period of 1975 and 12 per cent down in tonnage terms (to 19,210 metric tons).

A more detailed breakdown supplied by the Japan Bearing Industry Association shows a drop in exports to Britain between January and November 1976, down 16 per cent to 3,020 metric tons, although sterling value up 1 per cent to \$5.1m.

On the other hand, in the other EEC countries where Japanese exports compete with local bearings, manufacturers' first three quarters of 1976, a 23 per cent increase in tonnage sales to West Germany (to 7,974

metric tons), for instance generated DM50.2m. in earnings up 48 per cent on the same period in 1975.

On the French market Japanese makers sold 3.8 metric tons up to September ringling up a 16 per cent rise in volume and a 33 per cent rise in value (Fr.58.5m.).

The report says, therefore, that Japanese manufacturers have pushed hard into the West German, French and (to a less extent) British markets recent pushing up exports to countries with threatened ball bearing industries while exports to the rest of the EEC fell sharply.

The Japan Bearing Industry Association maintained, however, that Japanese exporters have dumped their products. The association's statistics for the first nine months of 1976—production, world exports and parts to the EEC specifically tend to bear out the association's contention that average sales at export and domestic consumption did not vary significantly.

The average price of bearings exported in the whole EEC is \$1.27m., that of Japanese exports worldwide \$1.25m. and the average revenue of the home market \$1.24m. per metric ton. But same statistics show that average earnings on a metric ton of ball bearings sold in Germany for the same period were 50 per cent higher than those fetched on the home market. A spike of the high freight insurance costs of selling on German market.

U.K. in Spanish steel probe

MADRID, Feb. 8.

BY ROGER MATTHEWS

A TEAM from the Department of Trade has now virtually completed its investigations in Spain into accusations by British steel producers that certain products were being "dumped" on the U.K. market. Indications are that unless there is an agreement between the British and Spanish governments to the effect that a 10 per cent provisional charge imposed on Spanish stainless steel last October 25 will be confirmed as a permanent duty.

However, this 10 per cent figure is likely to be an average of the five different types of stainless steel involved with larger duties being imposed on particular items.

When the issue was first raised in Britain in the spring of last year the domestic producers had asked for a 25 per cent duty, but after several days of intensive talks here it is considered that an average of 10 per cent, as provisionally imposed, may be about the correct figure. Spanish reaction to accusations of "dumping" was initially hostile but there are now signs that the companies involved have understood that they are not being particularly discriminated against.

A time of sharply reduced demand for stainless steel, Spanish exports to the U.K. have risen sharply, climbing from 450 tonnes in 1972 to nearly 1,500 tonnes last year. With British production last year totalling some 11,500 tonnes, and companies operating substantially below capacity, this clearly represents a highly significant increase in the British market. During three days of detailed talks and investigations centred on the main Spanish producer of stainless steel, Olarra SA of Bilbao, it was stressed that dumping accusations were related to the difference in price

between products sold on the domestic market and in the U.K. Sufficient evidence is shown that Olarra was infringing the GATT anti-dumping and British 1969 legislation the subject.

Although the Department of Trade is preferred to prefer a tariff settlement on an industry-to-industry basis, the Spanish and British producers broke a deadlock last October 5. This resulted in the present further investigation of the Department will now be discussed in London.

German market disappoints

FRANKFURT, Feb. 8.

BY GUY HAWTIN

EXPORTS of British finished products to West Germany rose by 21.1 per cent in the first 10 months of 1976. Unfortunately, however, the U.K.'s share of import market in this vital sector remained unchanged from the previous year's performance.

This has undoubtedly been a major disappointment to British trade officials who were hoping for a distinct advance in the U.K.'s market share of finished goods imports. Instead, the main growth has been in areas of industrial raw materials and industrial semi-manufactures.

Figures, painstakingly assembled by British Embassy commercial officials from the Federal Statistical Office in Wiesbaden, showed an overall improvement in U.K. exports of 23.1 per cent in the first 10 months. At the same time Britain's share of the West German import market rose by 0.1 per cent to 3.8 per cent.

The steepest rate of increase, however, came in the industrial raw materials sector where exports rose by 57.4 per cent to DM331.1m. (£79.6m.) and the share of the imports market rose from 0.7 per cent to 1.1 per cent. In the industrial semi-manufactures sector sales totalled DM1.19bn. (£294.8m.) and the market share went up from 4 per cent to 4.2 per cent.

In contrast, exports of British wholly-manufactured goods to West Germany went up only DM4.03bn. to DM4.85bn. (£1,170m.) while the market share remained at an unchanged 5.3 per cent.

Earlier last year, U.K. trade officials had expressed hopes that Britain's share of the West German finished products market would show a small but satisfactory increase. Although there are still two months of the year left to report, it seems unlikely that the target will be achieved. Currently Britain's share of the imported finished products market is small compared with that of its major EEC competitors. While the figures do not include "invisible" exports, which account for an important proportion of export earnings, its

amounted to \$8.6m. consisting mainly of Yugoslav ship-rolling stock imports—Yugoslav imports were \$78.5m. and ports only \$7.2m. in 1975 it was more than halved but 1976 increased slightly to \$11.5m. Yugoslav total trade \$14.5m. and imports \$27m.

Performance in the sector is variable. Exports of motor vehicles, for instance, went up 39.7 per cent to DM541 (£130.1m.) while the import share remained unchanged at 5.9 per cent. The percentage was not as inspiring as may at first seem in that it was a very good year for motor industry and British share of the market remains very small. The current year's increase is due to an increase in the number of Japanese are planning a major attack on the market.

IATA may drop sterling

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The future of sterling as a base currency for the calculation of air fares in the Eastern Hemisphere is one of the main topics of discussion at a meeting of the airline-members of the International Air Transport Association which began in Cannes yesterday.

The meeting, which could last as long as three weeks, will be considering how to overcome the difficulties caused to the airlines in recent months by the depreciating of sterling.

This has caused considerable confusion in the calculation and application of fares, and some European airlines claim they are losing substantial sums of money as a result.

According to the managing director of FINNAP, Mr. Jorma Kelmo, the result was extremely unsatisfactory viewed against the cost increase in the paper industry in the past two years. The financial year was marked by periodic mill shut-downs and production cuts. Capacity utilisation averaged 72.73 per cent, up from 67.73 per cent in 1975, one of the worst years in the history of the Finnish paper industry in which exports contracted by 27 per cent.

Marks and Spencer export target MARKS AND SPENCER is aiming for £100m. worth of exports in 1978-80, according to Mr. Michael Sieff, the director responsible for exports. Last year the company's exports ran at £24m. and in the year ending March, 1977, the target is £40m.

China turns away from people's war

BY COLINA MacDOUGALL

THE PEKING leadership is pressing ahead with a new defence policy amid apparent demands from some of the military that defence spending be further increased. The concept of People's War is being quietly laid aside in favour of modernisation.

This is indicated by a recent Peking Radio broadcast on the relationship between defence and economic construction, and the concurrent holding of no less than four conferences on defence. Two of the meetings dealt with air defence and work on aircraft and aerodynamic missiles. The other two were called by the army's science and technology commission for defence, and dealt with planning, research and production.

At the same time, the official Communist Party newspaper, People's Daily, has published an article by an army group stressing discipline as "an im-

portant guarantee against turning the army into the instrument of individual careerists." Clearly the leadership in Peking is still extremely concerned about the importance of defence technology and atom bombs.

However, it went on to note that Chairman Mao had called in his 1956 "Ten Great Relationships" speech for military expenditure to be cut under the second five-year plan from 30 per cent to about 20 per cent. The radio commented that the "basic spirit of cutting military and administrative expenditure to appropriate proportions must undoubtedly be carried forward firmly—even if absolute military expenditure increased—so that increased economic construction could provide a reliable basis for national defence construction."

This suggests that Peking has said "No" to the voices asking

for a larger proportion of total investment to go to specifically military projects. Peking Radio's words make clear that the leadership is firmly convinced that the military's interests are best served by continuing stress on basic industry.

The inevitable dependence of the military on heavy industry, and the perennially inadequate supply of fuel and war materials, means that the basic growth has to come first. However, Peking is obviously planning that total investment in the economy should rise, and with it the military budget.

However, total investment can only go up if the leadership's present measures to boost the economy are successful. Thus there is likely to be a time lag before the diversion of increased investment to the army. It remains to be seen whether the military will be satisfied with this.

for the modernisation of national defence and science and technology. Radio calls for the development, not only of conventional weapons, but also "the most advanced national defence technology and atom bombs."

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Australian ship union threat

By Kenneth Randall

CANBERRA, Feb. 8.

THE shipbuilding committee of the Australian Council of Trade Unions has recommended a campaign of industrial action by maritime unions which could seriously disrupt shipping operations at all major Australian ports.

The country's Transport Minister, Mr. Peter Nixon, to-day attacked the recommendation as "indicrous" and a further threat to employment in Australia.

The shipbuilding committee's proposals, which the ACTU national executive will discuss in Brisbane next week, are aimed at stopping the winding-down, now under way, in shipbuilding and repair facilities in Australia—notably at the New South Wales state dockyard in Newcastle.

ASEAN bilateral defence moves urged

BY WONG SULONG KUALA LUMPUR, Feb. 8.

GENERAL PANGGABEAN, Indonesian Defence Minister, today called for bilateral defence arrangements among countries in the Association of South-east Asian Nations (ASEAN) to protect their security.

Addressing a meeting here of the Indonesian General Border Committee, he said the committee was "a successful prototype" for defence arrangements which should be adopted among other Asean countries.

However, the Indonesian Minister said there was no need for multi-lateral defence arrangements among ASEAN countries.

In an apparent reference to Vietnam, he said the success of ASEAN, which celebrates its 10th anniversary this month, had attracted the hostility of some neighbours, and the association must be vigilant against attempts to weaken it.

General Panggabean's call for bilateral defence arrangements

is likely to provoke further attacks by Hanoi, which has often accused ASEAN countries of trying to convert their organisation into a military bloc.

Tan Sri Ghazali Shafie, Home Affairs Minister and leader of the Malaysian delegation to the border meeting, spoke of the close co-operation given by Thailand and Indonesia to Malaysia in its fight against Communists, and said both Malaysia and Thailand would be planning more joint operations against guerrillas in southern Thailand.

The three-day meeting here will review security along the Malaysian-Indonesian border and as sea over the past eight months and discuss co-operation on intelligence gathering.

The Indonesian team will also brief on the recent Malaysian Thai military operation in the Sadao district in southern Thailand.

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Blinded by arrogance

BY DAVID HOUSEGO IN NEW DELHI

THE INCIDENT of the Turkman Gate has become part of the mythology of Mrs. Gandhi's emergency rule in India—a reference point about which arguments stir in faint echo of the type of passions aroused in the 1920s by the far more serious "Amritsar Massacre."

On April 1, 1976, police and demonstrators clashed as bulldozers knocked down slum dwellings beside the Turkman Gate near the Jama Masjid (the Friday Mosque) in the heart of the Muslim quarter of Old Delhi. Officials say five people died. Opposition leaders say between 60 and 300 were killed in the firing. The Government account is probably closer to the truth but popular belief carries more political weight.

The riot was sparked off by two issues that are already prominent in the election campaign in Delhi, and in much of northern India, as well: sterilisation, and rapid slum clearance.

Since April 1 last year over 6m. Indians have been sterilised which is 50 per cent more than the Government had planned. It is an exercise in population control, whatever one thinks of the ethics of it, unsurpassed in the world. In the southern provinces it has passed off smoothly. But in the north, where most Muslims live, and religious leaders have preached against sterilisation, there has been resentment and some rioting.

In the area around the Friday Mosque over 13,000 vasectomies were carried out between April and October, more than in any other district in India. The family planning campaign started here," says Miss Rukhsana Sultana who has been in charge of the sterilisation drive in Delhi though she holds no official post. A Muslim from an



India's General Election

aristocratic family, a socialite and friend of Mr. Sanjay Gandhi, excitable and energetic if simplistic in her ideas, she entered social work only after declaration of the emergency. Now the backlash against Mrs. Gandhi has enveloped her as well.

She has probably more power than any city official. She claims she has financed rickshaw drivers to buy their own rickshaws, cleared squatters from the streets, had exorbitant rents rescinded, provided loans for new

housing away from the city centre, and has had old houses pulled down. No Minister has entered this area for years, she says, pointing to houses where people live 20 to a room. "All this work would have been impossible without Sanjay's support," she adds. Since she is opposed by religious leaders and established politicians, by prejudice and the fear of the poor at change, she nonetheless believed she had won many of them over to her side.

The massive crowd that packed the Opposition meeting at the nearby Ramliya Gardens on Sunday proved this a myth. Hostility to her work has focussed on the sterilisation programme. "The police picked up people indiscriminately, took them to Dujana house (Miss Sultana's headquarters) and forcibly sterilised them," an opposition leader says.

"All lies," Miss Sultana counters heatedly. What evidence there is certainly bears out that doctors have not performed forced sterilisations. Equally it is impossible to dismiss the numerous accounts of houses denied or salaries and promotion held back from those without a selective certificate or evidence that they have recruited a volunteer for sterilisation that is pressure, whether legitimate or not.

The Delhi "resettlement" programme has involved shifting some 700,000 people from the city centre to estates five to 15 miles away. In some cases it has meant creating new slums in the place of old ones. In others there is a relief at being out of the squalor of the tenement buildings.

Miss Sultana claims to

HOME NEWS

EEC gains from U.K. car market at Japan's expense

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THERE HAS been a marked lift in the origins of imported cars coming into the U.K. during the last year. As a result Britain's EEC partners have gained substantially at the expense of the Japanese and their importers.

and during this year these will be supplemented by Leyland's Allegro model which is to have its assembly concentrated in Belgium.

The best selling car in January was the Ford Cortina (11,896 registrations), followed by the Escort (9,801) and the Leyland Mini (6,261).

Table with 4 columns: U.K. CAR REGISTRATIONS, 1977, %, 1976, %. Rows include British Leyland, Ford, Vauxhall, Chrysler, Total British, Fiat, Renault, Datsun, VW/Audi, Total imports, Grand total.

Rodgers will lead Labour moderates

BY RICHARD EVANS, LOBBY EDITOR

MR. WILLIAM RODGERS, Secretary for Transport, is to head a new Labour Party pressure group of moderate in a move that could have a significant bearing on the future leadership of the party.

The new group will be launched at a meeting in London on February 19, will campaign to halt the party's swing to the Left.

Level of reserves will limit operation of safety-net

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE \$3bn. international safety-net facility to protect Britain against withdrawals of official sterling balances became operative yesterday, but will not apply if the U.K. reserves are above a specified level.

This emerged following a formal statement by the Bank for International Settlements, after the central bank governors' meeting in Basle, that the 11 nations taking part in the safety-net had completed all negotiations.

caused by the issue of the new foreign currency bonds. While the standby facility cannot be used if the reserves are above a certain point, the right to make a drawing is not permanently forfeited and can be carried forward until the reserves are lower.

contrast By contrast, the Japanese market share declined slightly from 8.5 per cent to 8.2 per cent. The Comecon countries lifted their share originally from 1.4 per cent to 1.5 per cent, while the EFTA are moved up from 1.9 to 2 per cent.

U.K. car output up only 3% last year

BY TERRY DODSWORTH

EXPORTS by Ford, British Leyland and Vauxhall to boost car production last year met with qualified success, but the overall U.K. impact was substantially reduced by a 37 per cent output cut by Chrysler U.K.

These indicated that January car output went up by 28 per cent on the same month last year to 123,000 units. On a seasonally adjusted basis, the Department statistics show a 15 per cent improvement on the monthly average of production last year.

National Airlines makes flying to the USA via Miami even more attractive.

Sun King Budget Fares

Table with 5 columns: DESTINATION, REGULAR ECONOMY FARE, 14 TO 21 DAY EXCURSION FARE, 22 TO 45 DAY EXCURSION FARE, 22 TO 45 DAY SUN KING BUDGET FARE. Rows include Round trip from London to Atlanta, Houston, Las Vegas, New Orleans, San Francisco, Los Angeles, Miami, Fort Lauderdale, Fort Myers, Melbourne (Florida), Jacksonville, Daytona Beach, Orlando, Sarasota, Tampa, West Palm Beach.

Subject to governments' approval and to change without notice.

Aircraft plans make rapid progress

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PROGRESS is being made on preliminary plans for important new RAF combat aircraft for service in the late 1980s.

service by the late 1980s, production will have to begin in the early 1980s. All the preparatory work on design and industrial collaboration with Continental countries will therefore have to be completed by the end of this decade.



The attractions of flying via Miami are obvious. You exchange cold, crowded New York for the warmth, blue skies and sun-kissed girls of Florida. Now you can add something else to all these attractions. National Airlines Sun King Budget Fares to destinations throughout the USA. Examples are shown in the above panel.

The Sun King Budget Fares shown are effective from 1st April and are valid for a round trip of 22 to 45 days, with a surcharge of £6.00 on all weekend flights. All we ask is that you make payment at least 50 days in advance of departure, and within 7 days of making your reservation.



Contact your travel agent or National Airlines 51 Piccadilly, London W1V 9HF. 01-629 8372. National Airlines Inc. is incorporated in the State of Florida, U.S.A.

HOME NEWS

Japan given nuclear fuel contract assurance

By David Fishlock, Science Editor

TOP JAPANESE electricity industry officials led by Mr. N. Tanaka, who are in London this week to discuss the \$500m. nuclear contract they hope to place with Britain, have been assured British Nuclear Fuels could still undertake the contract.

The Japanese delegation had lengthy talks yesterday with Mr. Con Allday, managing director of British Nuclear Fuels, and Mr. Georges Besse, managing director of the French nuclear fuel company Cogema. They met Mr. Peter Shore, the Secretary for the Environment, and Sir John Hill, chairman of the U.K. Atomic Energy Authority and British Nuclear Fuels.

Government urged to allow incentive deal for miners

By Roy Hodson

THE MINING industry and the National Coal Board will together put pressure on the Government in the next few months to relax the pay policy sufficiently to allow a new productivity deal for Britain's 200,000 miners.

Falling productivity during the last year because of the absence of a workable incentives system is seen by both sides as the greatest threat to the industry's orderly expansion. Deep-mined coal output so far in the financial year April, 1976, to March, 1977, has totalled 95.3m. tonnes. That is a drop of nearly 6 per cent. on the same period for 1975-76, when 91.1m. tonnes was mined.

The question of financial incentives to the miners to check the drop in productivity dominated the meeting of the National Coal Board, sitting on either side of Mr. Benn, were both outspoken in calling for a new pay and productivity policy which would have a positive effect in increasing coal output as new investment proceeded in the industry.

Need for profits revival stressed

By Peter Riddell, Economics Correspondent

A STRONG statement of the need for a revival in the profits of British industry was made yesterday by the Treasury.

The main article in the latest issue of the Treasury's monthly Economic Progress Report highlights the sharp drop in the profitability of industrial and companies in recent years—in particular the decline from 13 per cent. in 1960 to 4 per cent. in 1975 in the rate of return on capital when adjusted for inflation. This is defined as gross trading profits net of both stock appreciation and capital consumption at replacement cost as a percentage of net capital stock at current replacement cost.

Britain may have 30 oil and gas fields in use by 1980's

By Ray Dafter, Energy Correspondent

MORE THAN 30 British oil and gas fields could be contributing to the country's energy supplies such as deck-stacked barges and by the early 1980s, according to a report on offshore activity, out today.

The figure compares with the 13 fields which are currently meeting virtually all the U.K. gas needs and a rising proportion of the crude oil supplies.

Exploration activity is expected to remain at depressed levels for the next few years, although it could pick up again at the end of the decade as companies with commercial fields and themselves in a favourable cash position.

Risks used for drilling in the North Sea as a whole could recover from 30 this year to around 80 by 1981 although even this higher level of activity will be insufficient to absorb the available supply.

GLC rail plan 'wasteful'

By Ian Hargreaves, Industrial Staff

PASSENGERS would not benefit if the Greater London Council's bid for control of British Rail's Inner London suburban services was realised, the British Rail Board said yesterday.

1—Difficulty in co-ordinating London routes with inter-city and outer-suburban services in operational and investment terms.

take-over of some of the Board's services. It would seem unlikely that such an aim would be attainable at current pricing rates.

In a detailed memorandum to a Commons Select Committee, the Board argued that a GLC proposal to set up a London Passenger Transport Authority to preside over a more closely integrated rail-tube network would be complicated and wasteful.

2—Incompatible local government boundaries.

A particularly strong response comes over the question of Government grants. The GLC had suggested that it should receive the London slice of British Rail's public service obligation grant, plus an extra contribution when inter-city and outer-suburban services become self-financing.

New council for clothes trade

By Rhys David, Textiles Correspondent

BRITAIN'S MAIN clothing trade bodies have reached agreement on the formation of a new organisation to co-ordinate their work in economic and industrial policy and in representations to the Government and other groups.

Table: FORECAST OF VESSEL REQUIREMENT FOR NORTH SEA EXPLORATION (U.K., Norwegian and other sectors) with columns for years 1977, 1978, 1979, 1980, 1981 and rows for Anchor-handling supply vessels, Supply vessels.

Table: NORTH SEA FIELD DEVELOPMENT (U.K., Norwegian and other sectors) with columns for years 1977, 1978, 1979, 1980, 1981 and rows for Number of fields, Number of fields drilling, Number of fields producing.

Drive to create new jobs for steel men is stepped up

By Kevin Done, Industrial Staff

THE BRITISH Steel Corporation is stepping up its campaign to attract new industries to traditional steel-making areas. As part of its ten-year strategy thousands of jobs will be lost in West Central Scotland, the North-East of England, and Wales, as steel-making is concentrated in a small number of large, high efficiency plants.

The attempt to bring in new industry, which has been building up for seven years, can claim only small successes, with 950 new jobs created in Ebbw Vale since 1972 and another 1,800 expected there in the next four years.

Vauxhall car prices rise by 6.3%

Vauxhall Motors completed the present round of British car price increases last night with a 6.3 per cent. rise.

The BSC is willing to enter into joint ventures if they guarantee new employment. It has created four sub ventures which include factories to manufacture valves and stainless steel silencers.

Heavy losses prompt ICI Fibres changes

By Rhys David, Textiles Correspondent

A SUBSTANTIAL restructuring of main Board responsibilities is being undertaken by ICI Fibres, which announced at the end of last year a cut of 500 in staff jobs.

The company, which has been engaged in reducing its total staff numbers from 3,850 at the start of 1975 to a target figure of 2,350 in its efforts to return to profit, will in future have a Board of nine members instead of 12.

ITV boosts ratings lead over BBC

INDEPENDENT TELEVISION staged a come-back in January in its ratings battle with the BBC, according to ITV figures produced for the Joint Industry Committee for Television Audience Research. They show that in homes able to receive both ITV and BBC, the viewing ratio was 55 per cent. ITV, 33 per cent. BBC 1, and 7 per cent. BBC 2.

I am offering you six keys to successful industrial location.

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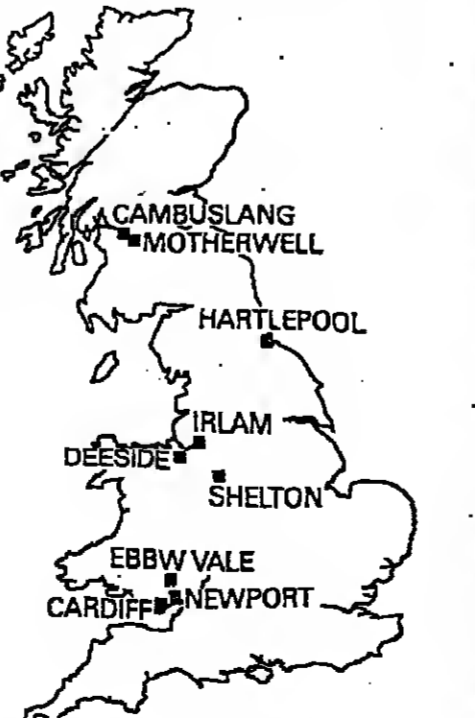
Sir Charles Villiers, Chairman of British Steel Corporation

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The sixth key—BSC (Industry) Ltd—is unique, as I know from my experience as a former Managing Director of the Industrial Reorganisation Corporation and Chairman of the Northern Ireland Finance Corporation.

BSC (Industry) Ltd, was specially formed to mobilise British Steel's resources to develop new industry. To ensure that BSC (Industry) has British Steel's full weight behind it, I am taking personal charge.

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Form for requesting brochure about BSC (Industry) Ltd, including fields for Name, Position, Address, and Telephone.

BSC (Industry) Ltd logo and British Steel Corporation logo.

City inquiry seeks financial investment evidence

Financial Times Reporter

SIR HAROLD WILSON'S committee of inquiry into U.K. financial institutions is invited to seek evidence on the subject of finance for investment from representative City institutions, Government departments and the Bank of England.

More jobs in Massey Ferguson expansion

By Kenneth Gooding, Indust. Correspondent

MASSEY-FERGUSON is to expand its plant at Knowlsey Industrial Estate on Mersey and expects to create up to 1,000 jobs over the next two years.

The company first moved Knowlsey, which is a Department of Industry estate, in 1970, doubling the size of the plant the following year.

Concern over letters of credit

By Margaret Reid

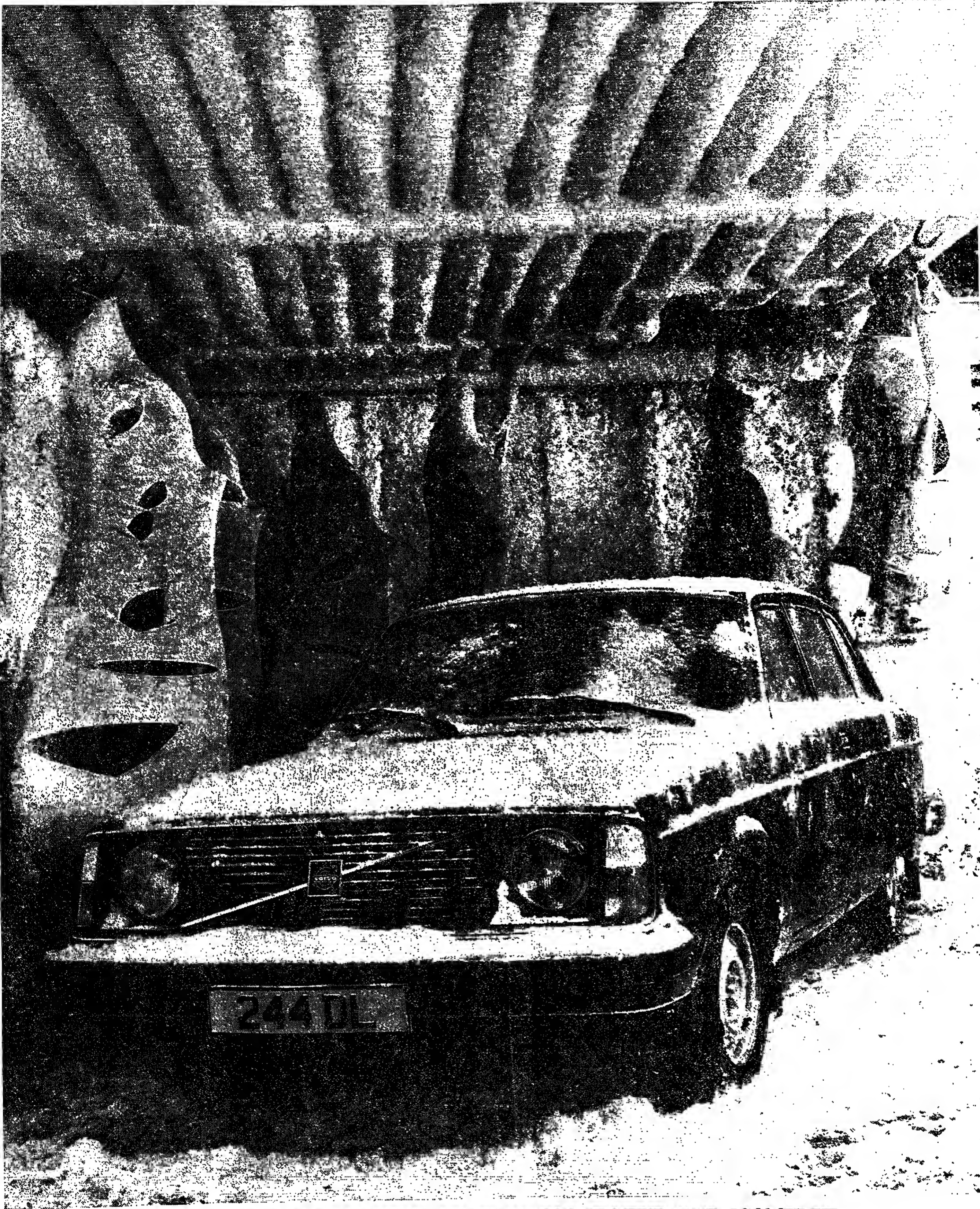
A CONSORTIUM of 11 local banks which has for the past year been suing the big Arian Bank Creditanstalt-Baureverein for non-payment of \$20.5m. (£12m.) of letters of credit has now won a landmark world bank an up-to-date statement of its case.

The affair has attracted intensive notice, with the London banks voicing concern that a system of letters of credit which finances much international trade, could be undermined if the court's decision is not followed.

ITV boosts ratings lead over BBC

By Rhys David, Textiles Correspondent

INDEPENDENT TELEVISION staged a come-back in January in its ratings battle with the BBC, according to ITV figures produced for the Joint Industry Committee for Television Audience Research. They show that in homes able to receive both ITV and BBC, the viewing ratio was 55 per cent. ITV, 33 per cent. BBC 1, and 7 per cent. BBC 2.



A WEEK LATER, THE VOLVO STARTED FIRST TIME.

If you're worried about leaving your car out all night this little story might interest you.

We drove an ordinary Volvo 244 DL into a refrigerated room normally occupied by several hundred Sunday joints.

We closed the door and left the car there for a week. At night, the temperature was minus 6°C. (Rather chillier than your front drive.)

A week later, an official from the AA came to drive the car out. The engine started immediately.

To be honest, this test wasn't too difficult for a Volvo to pass.

In Sweden, the temperature can be sub-

zero for as much as six months of the year and the Volvo is built to cope.

The starter motor and alternator are more powerful than those found on many cars.

The electrical components are well weather-proofed. (In another test, we pumped 1500 gallons of water into the engine and it still started first time.)

And if the Volvo engine is built to withstand severe winters so is the Volvo body.

The rust-proofing is probably better than on any other car you can buy.

In all, some 15 different sections of the bodywork are made from galvanised metal.

(So salt on the roads won't lead to rust on the car.)

Inside, we've also learnt how to weather-proof the Volvo driver.

The heated rear window is rated at 150 watts, so you'll always get a clear view.

The heater is unusually powerful, with a 3-speed fan and thermostatic control.

(It can heat the car up to 27°C centigrade, even when there are 25°C of frost outside.)

If you'd like a test drive call in and see your local Volvo dealer.

Whatever the weather we promise you a warm reception. **VOLVO 244**

LABOUR NEWS

Body plant strikers hit Leyland output

BY ALAN PIKE, LABOUR STAFF

PRODUCTION OF Leyland's Mini and Jaguar ranges was brought to a standstill yesterday because of the strike by 32 men at the company's Castle Bromwich body plant who want to be made redundant.

At Jaguar in Coventry, car assembly was halted yesterday with 1,300 workers sent home and this number will rise as work on part-completed cars in the factory comes to an end. About 1,000 Lonsbridge, Birmingham workers will be laid off from Monday because of the Mini shutdown.

Mini and Jaguar production was halted less than 24 hours after 1,300 men at Castle Bromwich struck in support of the 32 workers seeking redundancy, indicating yet again the crucial position of the body plant to

Leyland's operations. Lay-offs at Lonsbridge and at the Rover factory in Solihull can be expected to grow quickly unless the dispute is settled.

The 32 men at Castle Bromwich were moved from their existing jobs because of reconstruction of the paint shop and, says Leyland, were offered alternative jobs within the factory at equal pay and status. They were sent letters of dismissal after refusing alternative employment.

Several hundred men at Castle Bromwich will be redeployed as the re-organisation of the factory goes ahead and Leyland fears that if it grants redundancy to the 32 it would provoke similar demands from others. The company is recruiting at Birmingham-area factories, including

Freedom group may help company hit by postal strike

BY CHRISTIAN TYLER, LABOUR STAFF

THE NATIONAL Association for Freedom is considering a request for help from an East London company hit by the unofficial Post Office workers' strike in Whitechapel Road.

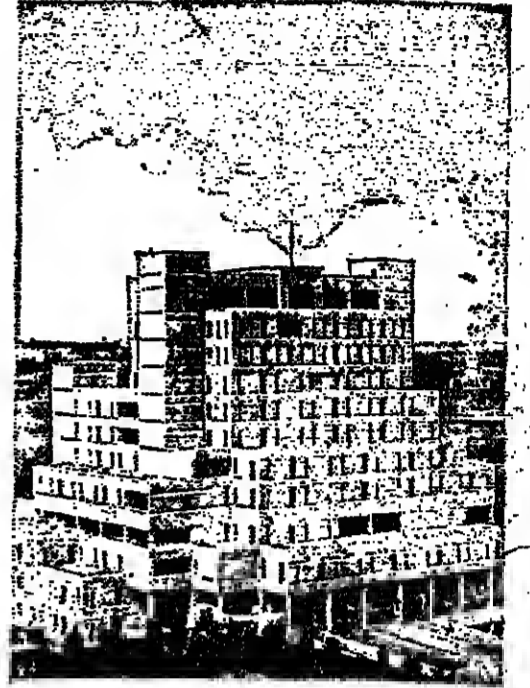
The association's recent legal success in stopping a planned boycott of South African mail by the Union of Post Office Workers encouraged the shipping and travel agency E. H. Mundy, based in Poplar, to appeal to it yesterday.

Meanwhile, Mr. Tom Jackson, the union's general secretary, was meeting Post Office officials at the headquarters of the London postal region last night in efforts to find a settlement.

About 350 workers have been on strike intermittently since February 1 in protest at plans to recruit extra staff and re-schedule work to cut overtime. The Whitechapel Road sorting office serves some 300,000 districts—about 750,000 people. It handles 5m. letters a week, which is nearly 10 per cent. of the total in the capital. The

LIVERPOOL: INVASION REPORT

When Royal Insurance decided to build its fine new Liverpool Headquarters from which to control its U.K. operation, its decision was based upon hard economic benefits—ready availability of well serviced development land and excellent communications. They also knew, from long experience, that they would have no difficulty in recruiting good quality staff—Liverpool is particularly well-blessed in having commercial as well as industrial workers readily available.



Royal Insurance H.O. Building, New Hall Place, Old Hall Street, Liverpool L69 3EN.

Royal's confidence in Liverpool was perfectly summed up by their Chairman, Mr. D. Meinertzhagen, who said: "The opening of the building marks the beginning of a new era in the long association of the Royal with the City of Liverpool and what is now the County of Merseyside, and it is, I hope, a clear indication of Royal's faith in the future of the whole area."

"We are convinced that our decision to rebuild in Liverpool was right, not only for the company, but for Liverpool as well, and that, with our U.K. business covering the entire country, the city is an ideal centre on which to base the headquarters of our U.K. organisation."

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AUEW seeks wage differentials

BY OUR LABOUR STAFF

PROBLEMS of pay differentials and job security in the engineering industry could hamper the Government's industrial strategy, Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, warned yesterday.

The AUEW executive yesterday considered a report on shortages of engineering craftsmen produced by the National Economic Development Office

last month. This showed that pay differentials between skilled and unskilled workers are now at their narrowest for at least 20 years, and possibly for 60.

Mr. Scanlon said that deterioration of differentials, lack of permanent prospects and lack of any career structure for engineering craftsmen was an "appalling condemnation" of an industry on which the

Government's industrial strategy depended "as it does on no other."

The NEDO report is seen by many AUEW members as a timely and powerful weapon in the fight to restore differentials. This will be a crucial issue in determining whether the union, Britain's second largest, continues to support pay policy when the present phase expires in July.

Rivals for TGWU post urge end to pay curbs

BY DAVID CHURCHILL, LABOUR STAFF

SUPPORT FOR an end to wage restraint and a return to free collective bargaining figures prominently in the election addresses of several candidates for election as general secretary of the Transport and General Workers' Union.

Mr. Moss Evans, widely regarded as the leading candidate, says that the sacrifices of the union movement over the past few years "justify now a return to normal collective bargaining in order to defend the interests of our membership."

Mr. John Cousins, in his address, says that a third stage of the social contract is unacceptable "only by restoring free collective bargaining can the damage of unemployment, pay anomalies and tension built up over the years of control be resolved."

The present general secretary, Mr. Jack Jones, is implicitly

criticised by Mr. Alex Kitson, who says that "bargaining with government and arrangements reached must not substitute for trade union action to achieve better standards and education."

Mr. Jones was one of the architects of the social contract and pay policies.

Mr. John Miller argues in favour of the Government of the day on the widest possible range of matters affecting working class living standards, but adds that "in a capitalist market economy, wage restraint should have no part whatsoever in these negotiations."

Mr. Larry Smith uses his address to launch an attack on those jealous of the union for its influence and prestige. He particularly cites the media for the "viciousness" of its attacks. "I believe that their blatant abuse of journalistic licence should not go unchallenged."

Journalist wins pay order

BY OUR LABOUR STAFF

A NEWSPAPER photographer who lost his job after his employer signed a closed shop agreement with the National Union of Journalists yesterday won an industrial tribunal order that he should continue to be paid until an unfair dismissal claim is settled.

Mr. Rodney Southwood, aged 32, chief photographer of the Ilford Recorder, was dismissed for misconduct last month after refusing to rejoin the NUJ, which he recently left for the rival Institute of Journalists.

Yesterday's hearing was adjourned because representatives of the newspaper's proprietors, South Essex Recorders, were not present. The tribunal chairman said Mr. Southwood could not be reinstated in the absence of his employers but

said that on the evidence so far his application was likely to succeed.

The Ilford Recorder's decision to concede a NUJ closed shop has caused consternation among other newspaper proprietors. The Newspaper Society, which represents provincial managers, has asked the Recorder to show reason why its membership should not be ended.

Members of the TUC printing industries committee will today try to resolve a strike by 70 NUJ members employed by the East Midlands Allied Press on three Northamptonshire newspapers. The strike is in its tenth week.

A local NUJ complaints committee in Northamptonshire is sitting today to consider allegations about the conduct of some members during the strike.

British genius on show for Jubilee

ONE HUNDRED YEARS of achievements, though, because bright ideas are to go on show in London as part of the Jubilee Year celebrations.

The Elm, British Genius exhibition opens on May 27 in Battersea Park. It will not be just a nostalgic look at past

Civil servants' claim

A Pay claim for rises of £2.50 to £4, the maximum allowable under present pay policy, has been lodged on behalf of 500,000 non-industrial civil servants.

decision on whether to contract in or out of the new State occupational pension scheme, Mr. Harry Lucas of the General and Municipal Workers' Union said.

Airport talks

A bid to end the dispute which has shut Glasgow Airport will be made at a meeting tomorrow between a Transport and General Workers Union official and shop stewards representing the airport's firemen.

Fishing pools

The British Fishing Federation suggested two labour pools for trawlermen, one for casual labour and one for decasualised labour, allowing men to move freely between them.

Part settlement

The Advisory Conciliation and Arbitration Service helped settle three-quarters of the 3,500 industrial disputes referred to it in 1976. Mr. Jim Mortimer, the chairman, said.

Strike continues

More than 430 workers at the GEC complex in Kidsgrove, Stoke-on-Trent, voted yesterday to continue a strike over the sackings of 12 storemen.

Pension

Some companies were trying to stampede employees into a quick

Optimism on British exports

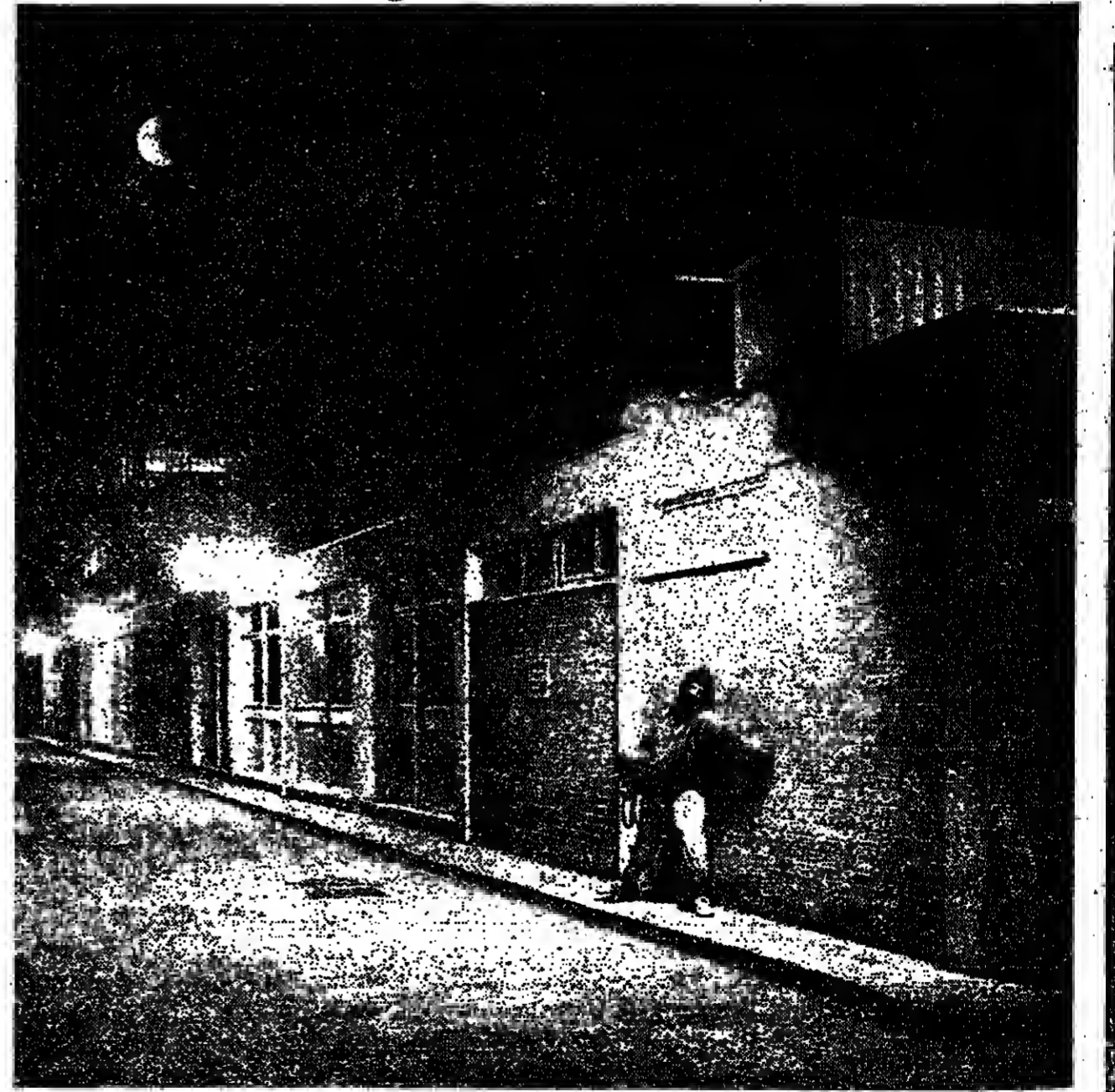
THERE is now more optimism about export prospects in British industry than there has been for several years, according to the London Chamber of Commerce and Industry.

Preliminary results from its latest survey of members shows a big upsurge in export orders. Coupled with this the Chamber says in its latest economic report that with the help of North Sea oil, Britain's immediate economic problems should be easing. A lot will depend on whether a new pay policy for Phase 3 can be agreed but if Bullock is the price of continuation of the social contract then the price would be too high, the survey said.

However, it warns that there are still serious problems to be overcome. While the IMF stands by credit and the Basic agreement for a safety-net for sterling have stopped the slide of the pound and the North Sea will have a major impact on the trade figures they will not of themselves boost industrial regeneration.

The growth of industrial production is still very slow and unemployment looks as though it could continue to rise throughout the year.

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مكتبات الاصل

APPOINTMENTS

W. Elliott heads Bass Charrington export company

Bass Charrington has formed an export company to co-ordinate the export trade in beers, wines and spirits of the group, previously handled by a number of subsidiaries. Chairman of the new company is Mr. W. R. C. Elliott, with Mr. John Turner as managing director and Mr. D. J. MacLeod, financial director. Its sales office will be in London.

London Clearing Banks' balances as at January 19, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Compts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

Table with columns: Total outstanding, Change on month, LIABILITIES, ASSETS. Rows include Sterling deposits, Foreign currency deposits, Total deposits, and various asset categories like cash and balances with Bank of England, market loans, etc.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

Table with columns: TOTAL, BARCLAYS, LLOYDS, MIDLAND, NATIONAL WESTMINSTER, WILLIAMS & GILLYNS. Rows include LIABILITIES, ASSETS, and various sub-categories for each bank group.

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

Table with columns: Eligible liabilities, Reserve assets, Reserve ratio (%). Rows show aggregate figures for the parent banks.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

Large table showing banking figures for 1977. Columns include Jan. 19, 1977, Change on month. Rows are categorized into 1-Banks (Eligible liabilities, Reserve assets, Ratios %), 2-Finance houses, and Special deposits at January 19.

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria. MINISTRY FOR INDUSTRY AND ENERGY. INTERNATIONAL INVITATION TO TENDER. A tender has been launched by S. N. SEMPAC for the setting up of a unit 'Produit en main' (turnkey products) or 'Process de Produit en main' (turnkey products processing) to manufacture and print.

LEGAL NOTICES

No. 00369 of 1977. To the HIGH COURT OF JUSTICE Chancery Division. NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 31st day of January 1977, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 38-41, Mark Lane, London EC3R 7TE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2PL on the 22nd day of March 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an order on the said Petition may appear at the time of hearing in person or by his Counsel or by his solicitor and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

APPOINTMENTS

Whatever your experience, you could be more successful in OP sales! IBM's Office Products sales men had worked some from many walks of life. But they all have certain things in common: a good education, many are graduates, a record of achievement, a strong business personality, the intelligence to get to grips with and solve problems of business, and the determination to succeed.

SAVAGE & HEATH (STERLING) COMPANY LIMITED. The above company is considering expanding its present operation by the formation of a local authority broking division. Enquiries are invited from persons of suitable experience in this market, with a view to the possible establishment of just such a division. Please write to Mr. John Welsh, Director, Savage & Heath (Sterling) Company Limited, Lee House, London Wall, London, EC2Y 5AU.

MOTOR CARS

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Consolidated Statement of Condition December 31, 1976. ASSETS: Cash and Due from Banks \$ 830,051,954; Federal Funds Sold and Securities Purchased 299,195,625; U.S. Treasury Securities 646,719,605; Total Assets \$4,858,397,312. LIABILITIES: Demand Deposits \$1,371,283,834; Savings Deposits and Certificates 810,258,538; Other Time Deposits 809,267,351; Total Deposits \$3,684,848,781; Total Liabilities \$4,567,484,357. EQUITY CAPITAL: Capital Stock \$50,205,040; Surplus 102,389,160; Total Liabilities and Equity Capital \$4,858,397,312.

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Ashley leads vaccine compensation demand

CLAIMS FOR vaccine-damaged children cannot be considered in isolation. Mr. David Ennals, Social Services Secretary, said in the Commons yesterday. He told MPs: "Vaccination gains greatly outweighed the risks."

Rejecting a call from Mr. Jack Ashley (Lab., Stoke S) for an independent inquiry into the vaccine, Mr. Ennals said it would be wrong for him to preempt the report of the Royal Commission on Civil Liability and Compensation for Personal Injury, expected later this year.

No amount of money could put right the damage caused to children by whooping-cough vaccination. "What we can do is to ensure that the best medical help is given to the children and that their parents are helped to bear the additional burdens," he added.

Mr. Ennals went on: "We are doing all we can under the present law to make things easier for them financially. A wide range of services and benefits was available under the National Health Service, personal social services, the social security system and the family fund, which had been extended in 1975 to help families with a severely handicapped child."

Mr. Ennals said that the Standing Medical Advisory Committee, in its evidence to the Royal Commission, had recognised that there was a reasonable case for paying compensation where vaccination was proved as the cause of damage, but "I cannot consider the claims for vaccine-damaged children in isolation."

He was determined to ensure that the risks of damage were reduced to the absolute minimum. The most up-to-date information on when not to vaccinate would be sent again to all doctors and nurses concerned. He was also considering what



Mr. Jack Ashley

more could be done to improve liaison between family doctors and clinics. Mr. Ennals said he would ask the committee on Safety of Medicines to examine any extra information assembled by the Association of Parents of Vaccine-damaged Children. Demanding an inquiry, Mr. Ashley said that public anxieties would not be allayed by Ministerial statements. "It is intolerable to wait for the Royal Commission. It is your responsibility to decide now to give compensation," he told the Secretary of State.

Mr. Ashley added: "Your statement about improving procedures does nothing for the children blinded, deafened or paralysed by this vaccine." Mr. Ennals replied that 22 independent experts on the independent joint committee on vaccination and immunisation were unanimous in their conclusions. "A separate independent inquiry would not establish any evidence not already available to the joint committee."

Although there was a small risk of brain damage from whooping cough vaccination, Mr. Ennals was advised by the joint committee that the vaccination policy should not be changed because "the gains greatly outweigh the risks." "Whooping cough was a dangerous disease which could lead not only to brain damage but to permanent lung damage and even death. Last year, there were four deaths among 4,000 cases."

cause they are normal, healthy children before the injection is given.

"That is what differentiates them from other disabled children, particularly because the State recommends injection. So surely the State should share responsibility when things go wrong," he argued, indicating that other European countries paid compensation.

Mr. Ennals replied that in many of the countries where compensation was paid, injection was compulsory, while in Britain, it was not.

He said it was not his last word on compensation. "I have a great deal of sympathy with the case put forward on behalf of these children."

Mr. Laurie Pavitt (Lab. Brent S.) backed the case for compensation, but said immunisation and vaccination had done more for the health of Britain than anything else in the Health Service.

Mr. Ennals agreed that there had been a big fall in whooping cough cases from 90,000 cases and 85 deaths in 1956, to 4,000 cases and four deaths last year.

Mr. Stephen Ross (L. Isle of Wight) commented that the statement had the ring of the thalidomide case, where, ultimately, compensation was paid, following a campaign by Mr. Ashley.

"Are you aware of the real heartbreak tragedies this vaccine has caused? It's time that a definite commitment was given to pay compensation," he declared.

Mr. Ennals said he could not go further than his original statement and ask MPs to await the report of the Royal Commission.

Mr. Eddie Loyden (Lab. Gwent) feared that delay and procrastination on the compensation issue would lead to a loss of confidence in vaccination, and Mr. Lewis Carter-Jones (Lab., Eccles) said the decrease in the number of people being immunised was frightening.

Mr. Ennals stated whether a guarantee of compensation would affect the judgment of parents. But there was a real danger that polio, diphtheria and whooping cough would reappear if the fall-off in vaccination continued or progressively increased.

Ennals denies NHS 'on brink of disaster'

MR DAVID ENNALS, Social Services Secretary, said in the Commons yesterday that he was fed up with statements that the National Health Service "is on the brink of disaster." "It is not in any such situation," he told Or. Gerard Vaughan, Opposition spokesman.

But the Secretary of State conceded that there were major problems that the NHS had to face. Mr. Laurie Pavitt (Lab. Brent S) urged Mr. Ennals to recover the £250,000 which had been paid to McKinsey, the management consultant firm, for advising the Conservative Government on the reorganisation of the Health Service. This had been an unmitigated disaster, he declared.

Mr. Ennals said it was remarkable that the firm now recognised that the reorganisation had been a disaster. Everyone was suffering from what the Tories had imposed. He had not heard anyone defend Sir Keith Joseph, former Social Services Secretary, who "had been responsible."

Mr. Ennals added: "The time may come when a further change will have to be made but it would be very unwise for any Secretary of State to throw the Health Service into some new traumatic reorganisation."

Callaghan orders alert for Tory traps

By Ivor Owen, Parliamentary Staff

WITH THE Government ranks still smarting from the shock one-vote defeat on the Reduction of Redundancy Rebates Bill, sustained on Monday night, the Prime Minister called on Labour MPs in the Commons yesterday to be on the alert for more ambush attempts by the Opposition.

At the same time, and with some asperity, he warned Labour backbenchers who are opposing attempts by Ministers to apply the guillotine to the Commons legislation not to precipitate another embarrassing reverse for the Government.

The Prime Minister seemed somewhat inhibited in pointing to the conclusions to be drawn from Monday's humiliating events, after Mr. Robin Maxwell-Fyfe (Con. Tiverton) acidly enquired: "Why did you secure the defeat of your own Government by not voting last night?"

Mr. Callaghan explained that he had understood he was paired with a Conservative MP although the Government Whip had had some difficulty in obtaining pairs for some Labour members who had been unable to attend through sickness.

But, he insisted, there was a lesson for all Labour MPs. "If the Opposition is setting a trap, perhaps we had better be a little more careful in the future than we have been in the past."

The mixed motives of Labour backbenchers, whose activities have forced the Cabinet to star its hand in seeking to apply the guillotine to the Scotland and Wales Bill, were highlighted by Mr. John Lee (Lab. Handsworth).

"Some of us who support the devolution Bill will not be prepared to support the guillotine if it allows European direct elections Bill to come in," he said.

Mr. Lee made clear that he would be happy to see the devolution legislation occupying virtually the whole of the remaining life of the present Parliament.

Mr. Callaghan brusquely told Mr. Lee that there was no direct connection between the devolution legislation and the Bill authorising direct elections to the European Parliament. "I hope you won't be intending to play the fool on either," he then snapped.

Earlier, Mr. Callaghan clashed with Mrs. Margaret Thatcher when the Opposition leader repeatedly called on him to condemn the influence of Marxists on the Labour Party. She accused Mr. Callaghan of seeking to avoid a direct response because he had to rely on the support of Marxists to keep the Government in power.

The Prime Minister replied: "I would no more welcome or condemn than you would welcome or condemn the support of fascists for the Conservative Party."

Backed by Tory cheers, the Opposition leader countered: "I completely condemn fascism anywhere. Will you stiliarily condemn Marxism?"

Mr. Callaghan said he did not discourage the discussion of philosophical ideas which might help to shape society. Mrs. Thatcher had failed to recognise that to discuss views did not mean a commitment to support them.

EEC poll Bill

A BILL to provide for direct elections to the European Parliament was introduced by the Liberals in the Lords yesterday.

The measure, which amends the 1949 Representation of the People Act, was given an unopposed first reading.

More time needed for nuclear power decisions—Benn

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CRITICS OF Britain's nuclear power industry could not be dismissed as "cranks or subversives," Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons yesterday when he emphasised that the Government needed more time to consider the key decisions affecting the future of the industry.

Mr. Benn did not specify those he had in mind but his remark was an obvious reference to fears build an oxide disposal facility at Windscale to process nuclear waste and hostility over plans to produce fast breeder reactors.

"There is a tendency to suppose that anybody who questions the nuclear programme is a member of the 'sandies and browns' brigade. But that is not an adequate answer to the questions which have been put forward," he declared.

"Any Minister in any Government with the responsibility of reaching these decisions must satisfy himself and the House that all these considerations have been properly looked at before decisions are made. These are very complex and difficult questions."

The Energy Secretary was speaking on the second reading of the Nuclear Industry (Finance) Bill, which raises the limits on payments which may be made by the Government and the U.K. Atomic Energy Authority to British Nuclear Fuels and the Radiochemical Centre Limited.

Currently, these limits are £75m. for BNFL and £5m. for TRCL. The Bill would allow the limit for BNFL to go to £300m. or up to £500m. if an Order was passed in the House. In the case of TRCL, the limit may be raised to £15m. by Order in the Commons.

In addition, the Bill enables the Government to guarantee the return of any advance payments made by the Japanese to British Nuclear Fuels in the building of the disposal facility at Windscale. The Environment Secretary (Mr. Shore) has said that he is prepared to hold a public inquiry on the proposal for a new Windscale project.

Turning to new developments in the industry generally Mr. Benn told MPs: "I believe there is a case for taking time on the fast breeder reactor. The full-scale development of nuclear power, including the fast breeder reactor, in my view, neither self-evidently inevitable nor self-evidently wrong."

"I want to hear more, to know more, and want more time before some of these decisions are made. The decision must be a political one otherwise we are abdicating our responsibility to experts. It must be taken with Parliamentary assent."

According to Mr. Benn, the nuclear industry had complained that it had been subject to ignorant criticism by people who did not really understand the position. But he thought the ignorance had been bred by the tradition of secrecy that surrounded the industry.

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MP wants security firms registered

By Ivor Owen

GROWING CONCERN about the infiltration of some security organisations by criminal elements was stressed by Mr. Bruce George (Lab., Walsall S) in the Commons yesterday when he successfully sought leave to introduce a Private Member's Bill providing for the registration of private security firms.

While private security firms were, by and large, reputable, the need for a system of registration was overwhelming, he said. Mr. George, who disclosed that he had supplied the Home Office with a dossier giving details of security firms employing people with criminal records, declared: "In my mind, certain crimes really should be incompatible with membership of a security company guarding people's lives and property."

He told the House that some people with serious criminal records were entering the security industry, and that faster-growing in the country, either as directors or as guards.

Mr. George stressed that his Bill had the backing of the industry itself and the Police Federation but the Home Office had refused to introduce regulatory procedures.

"I have yet to come across an individual or group, rather than criminals or the Home Office, who are not sure that registration is the only way to be said."

Mr. George suggested that a system of registration could be operated by a public Board or by the industry itself. It could help the industry to discharge its duties against a background of public trust," he declared.

Sir Harold believes Haines could have confused events

BY RICHARD EVANS, LOBBY EDITOR

SIR HAROLD WILSON yesterday issued a further denial of allegations made by Mr. Joe Haines, his former Press Secretary, about incidents at No. 10 Downing Street, during his Premiership.

Sir Harold, having said he did not intend to comment each day on the startling revelations being sent from Mr. Haines's book by the Daily Mirror, rubbed out another statement accusing his former aide of inaccuracy.

This time, Sir Harold declared that he knew nothing of Mr. Haines's assertion that a Conservative MP, Captain Henry Kerby, had offered to supply Tory Party secrets in return for a peerage or a knighthood.

Sir Harold added that he was issuing the denial in fairness to the memory of Captain Kerby and to the feelings of his family and associates. Captain Kerby was MP for the safe Conservative seat of Arundel and Shore-

nam until his death in 1971. The new revelations, although more embarrassing to the Tories than to Labour, reinforced the desire of Mr. Callaghan and other Ministers to keep well out of the slanging match that has developed between Mr. Haines and Sir Harold and Lady Falkender over life at 10, Downing Street.

Worried Labour MPs, apprehensive at the impact the row could have on Labour's electoral fortunes, were being reassured yesterday, who underlined the marked difference in leadership style adopted by the present Premier.

Sir Harold's statement affirmed that he knew nothing about the suggestion that Captain Kerby was going hand election secrets to Joe Haines or anyone else. "I cannot imagine what use they would be. The strategy of the Tory 1970 cam-

paign was clear long before, and it worked." Sir Harold thought that Joe Haines was confusing this with two other incidents of which he did have knowledge. One concerned difficulty in getting a Conservative nominee for the position of Deputy Speaker when he received a message through a Minister that Captain Kerby was willing to be considered.

The second was an incident when he learned that Captain Kerby was angry about information that a journalist was trying to discredit Lord Chalfont, then Minister of State at the Foreign Office.

Mr. Haines had proposed to produce this information in a Parliamentary question, but the question was not reached. "These are the only two incidents that, so far as my knowledge goes, could have led Joe Haines to make the allegations, and they are not in any way discreditable to Captain Kerby."

Direct elections Bill call by 60 Labour MPs

BY RUPERT CORNWELL, LOBBY STAFF

A NEW COMPLICATION was last night added to the already tangled legislative programme of the Government when more than 60 Labour backbenchers issued a call for speedy introduction of the promised Bill for direct elections to Europe.

The MPs, who include the former Foreign Secretary, Mr. Michael Stewart, and large numbers from the moderate Manifesto Group, have tabled a motion insisting that a Bill is needed quickly to resolve the present uncertainty and to reassure Britain's EEC partners that the Cabinet will not back

out of its undertaking to hold the election on schedule in 1978. In doing so, the 62 signatories have signalled their dissatisfaction at Monday's stone-walling on the issue by Mr. Brynnoor John, Minister of State at the Home Office, when he repeated the assurance that the Government would "stick to its commitment to use its best endeavours."

"They have also provided proof, if any was needed, that a substantial majority exists in Parliament for the European Assembly legislation." Although over 70 Labour Left-

wingers have made public their opposition to elections next year, and implicitly in any year after that, they would be overwhelmed by the combined strength of the Conservatives, the Liberals and pro-Marketisers on Government benches.

With each new day of discontent, however, it becomes more evident that the fate of the direct elections measure hangs on the outcome of the wrangling. If any deviation were it could be used conceivably as a bargaining counter in any deal the Government can achieve to secure the

gullotine time-table motion.

NOTICE OF REDEMPTION To the Holders of Government of New Zealand Twenty Year 6 1/2% Bonds due March 15, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on March 15, 1977 at 100% of the principal amount thereof through operation of the Sinking Fund, \$236,000 principal amount of said Twenty Year 6 1/2% Bonds due March 15, 1986 bearing the following distinctive numbers:

Table with columns for bond numbers and amounts. Includes entries like 66-66 1046 2441 3936 5322 6491 7024 7301 7958 8814 9319 9966 10566 11227 12129 13028 14394 15294 16194 17094 17994 18894 19794 20694 21594 22494 23394 24294 25194 26094 26994 27894 28794 29694 30594 31494 32394 33294 34194 35094 35994 36894 37794 38694 39594 40494 41394 42294 43194 44094 44994 45894 46794 47694 48594 49494 50394 51294 52194 53094 53994 54894 55794 56694 57594 58494 59394 60294 61194 62094 62994 63894 64794 65694 66594 67494 68394 69294 70194 71094 71994 72894 73794 74694 75594 76494 77394 78294 79194 80094 80994 81894 82794 83694 84594 85494 86394 87294 88194 89094 89994 90894 91794 92694 93594 94494 95394 96294 97194 98094 98994 99894 100794 101694 102594 103494 104394 105294 106194 107094 107994 108894 109794 110694 111594 112494 113394 114294 115194 116094 116994 117894 118794 119694 120594 121494 122394 123294 124194 125094 125994 126894 127794 128694 129594 130494 131394 132294 133194 134094 134994 135894 136794 137694 138594 139494 140394 141294 142194 143094 143994 144894 145794 146694 147594 148494 149394 150294 151194 152094 152994 153894 154794 155694 156594 157494 158394 159294 160194 161094 161994 162894 163794 164694 165594 166494 167394 168294 169194 170094 170994 171894 172794 173694 174594 175494 176394 177294 178194 179094 179994 180894 181794 182694 183594 184494 185394 186294 187194 188094 188994 189894 190794 191694 192594 193494 194394 195294 196194 197094 197994 198894 199794 200694 201594 202494 203394 204294 205194 206094 206994 207894 208794 209694 210594 211494 212394 213294 214194 215094 215994 216894 217794 218694 219594 220494 221394 222294 223194 224094 224994 225894 226794 227694 228594 229494 230394 231294 232194 233094 233994 234894 235794 236694 237594 238494 239394 240294 241194 242094 242994 243894 244794 245694 246594 247494 248394 249294 250194 251094 251994 252894 253794 254694 255594 256494 257394 258294 259194 260094 260994 261894 262794 263694 264594 265494 266394 267294 268194 269094 270094 270994 271894 272794 273694 274594 275494 276394 277294 278194 279094 280094 280994 281894 282794 283694 284594 285494 286394 287294 288194 289094 290094 290994 291894 292794 293694 294594 295494 296394 297294 298194 299094 300094 300994 301894 302794 303694 304594 305494 306394 307294 308194 309094 310094 310994 311894 312794 313694 314594 315494 316394 317294 318194 319094 320094 320994 321894 322794 323694 324594 325494 326394 327294 328194 329094 330094 330994 331894 332794 333694 334594 335494 336394 337294 338194 339094 340094 340994 341894 342794 343694 344594 345494 346394 347294 348194 349094 350094 350994 351894 352794 353694 354594 355494 356394 357294 358194 359094 360094 360994 361894 362794 363694 364594 365494 366394 367294 368194 369094 370094 370994 371894 372794 373694 374594 375494 376394 377294 378194 379094 380094 380994 381894 382794 383694 384594 385494 386394 387294 388194 389094 390094 390994 391894 392794 393694 394594 395494 396394 397294 398194 399094 400094 400994 401894 402794 403694 404594 405494 406394 407294 408194 409094 410094 410994 411894 412794 413694 414594 415494 416394 417294 418194 419094 420094 420994 421894 422794 423694 424594 425494 426394 427294 428194 429094 430094 430994 431894 432794 433694 434594 435494 436394 437294 438194 439094 440094 440994 441894 442794 443694 444594 445494 446394 447294 448194 449094 450094 450994 451894 452794 453694 454594 455494 456394 457294 458194 459094 460094 460994 461894 462794 463694 464594 465494 466394 467294 468194 469094 470094 470994 471894 472794 473694 474594 475494 476394 477294 478194 479094 480094 480994 481894 482794 483694 484594 485494 486394 487294 488194 489094 490094 490994 491894 492794 493694 494594 495494 496394 497294 498194 499094 500094 500994 501894 502794 503694 504594 505494 506394 507294 508194 509094 510094 510994 511894 512794 513694 514594 515494 516394 517294 518194 519094 520094 520994 521894 522794 523694 524594 525494 526394 527294 528194 529094 530094 530994 531894 532794 533694 534594 535494 536394 537294 538194 539094 540094 540994 541894 542794 543694 544594 545494 546394 547294 548194 549094 550094 550994 551894 552794 553694 554594 555494 556394 557294 558194 559094 560094 560994 561894 562794 563694 564594 565494 566394 567294 568194 569094 570094 570994 571894 572794 573694 574594 575494 576394 577294 578194 579094 580094 580994 581894 582794 583694 584594 585494 586394 587294 588194 589094 590094 590994 591894 592794 593694 594594 595494 596394 597294 598194 599094 600094 600994 601894 602794 603694 604594 605494 606394 607294 608194 609094 610094 610994 611894 612794 613694 614594 615494 616394 617294 618194 619094 620094 620994 621894 622794 623694 624594 625494 626394 62

The Management Page

Kenneth Gooding describes how a small fork lift truck manufacturer entered an expansionary phase and concentrated on marketing

A change of industrial strategy at Matbro

THE RUMBLING of major structural change can be clearly heard from the U.K. part of the industrial fork lift truck industry. Taking its cue from the National Economic Development Office sector working party's industrial strategy report, the industry has been reshaping itself. This was necessary if Britain was to have the kind of companies which could compete effectively with the production and marketing muscle of the multi-national groups—or so the working party insists.

But not all the British-owned companies will be involved in this exercise which therefore makes it reasonable to ask what is in store for those left on the sidelines.

One company apparently cast in this role is Matbro, a concern whose success seems to stem from its willingness to remain a relatively small-scale business and to provide the kind of equipment which does not command a big enough sales volume to interest the multi-nationals.

Privately owned

While it is prudent to carry on in this way, there is no reason to suppose that Matbro will not only survive but will also thrive. The company seems to have reached the stage, however, where it has to decide whether it should keep "small is beautiful" as its motto.

Matbro is unlikely to get involved in the industry restructuring, not because of any particular deficiency in product or

Outside investment

The same argument has prevented him in the past from selling out or admitting outside investment. "I have seen too many people who sold their companies become very unhappy. They could not get on when working for somebody else. My job in life is to make better machines to make the users a profit. This would have been more difficult if I had been working for someone else. I can't imagine others willing to put as much money behind my ideas as I was prepared to put behind them," he says.

A few years ago Matbro could be dismissed as a company suffering from what might be called the "better mousetrap" syndrome. It seemed to believe that if it produced a better product than its competitors the world would beat a path to its door to buy.

And, to be fair, Mr. Mathew has certainly come up with quite a few new products, some of them world-beaters. In particular there has been the pivot-steer system for forklift trucks and wheeled loaders. Pivot-

steer machines are not steered by conventional means but by pivoting the chassis, the relative axle positions being shafted by hydraulic rams.

In this way the driven front wheels of a four-wheel drive machine are fixed in relation to the drive axles, thus avoiding the cost and problems of steering driven wheels and greatly increasing manoeuvrability.

Pivot-steer was patented and proved so effective that multi-national operators like International Harvester, General Motors, and Volvo were prepared to pay Mr. Mathew royalties for its use.

Ironically, the amount of time Mr. Mathew has spent defending his patents around the world has contributed to the lack of growth shown by Matbro over the years. There have been other factors, too. For example, Mr. Mathew's extreme financial conservatism—Matbro still has, with one major exception, no borrowings—and also his unwillingness to extend himself in other ways. There has been no heavy spending on sales and marketing.

Mr. Mathew's justification lies in the fact that Matbro has survived in an industry which is not particularly noted for its stability and where competition, spearheaded by the international companies, can be extremely fierce. Matbro has always made profits, ranging from £30,000 to £200,000 annually.

But three years ago Matbro changed its philosophy. The patents which had been producing a steady flow of licence fees were running out. Mr. Mathew also became convinced that there were no more startling innovations to be made in industrial truck or wheeled loader design and that future changes would be developments of existing technology. There was little likelihood of his coming up with the kind of ideas which produced a steady flow of licence income in the past.

So Matbro began to concentrate more on marketing rather than innovation. The company also borrowed heavily for the first time, raising £1m. from its bankers, Barclays, to buy the Bray construction equipment concern from Sheepbridge Engineering. The time had come for Matbro either to stop making wheeled loaders or to invest substantially to increase its market presence.

The effect of all these changes can be judged by the statistics. Against the general background of a slide into recession and at a time when U.K. industrial truck sales were shrinking by 40 to 50 per cent., the combined turnover of Matbro and Bray rose from £4m. in 1974 to £8m. last year and Mr. Mathew has



Mr. Len Mathew, founder of Matbro, aboard one of his company's forklift trucks.

set a target of £15m. for 1977. More important, profits before interest and tax reached £700,000 in 1976 and should touch £1m. this year.

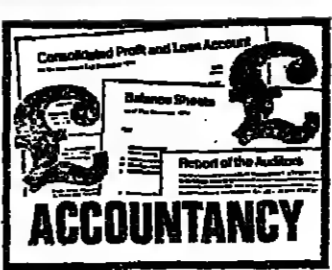
New life was injected not only into the Matbro side of the business but Bray, which seemed moribund before it changed hands, was also revived by the combination of Matbro's design ideas (worked on by the Bray team) and Bray's marketing network.

Mr. Mathew's son John, 31, who is Bray's managing director, likes to compare the U.K.'s relative success in the industrial truck business against the sharp decline in its fortunes in the construction equipment market. He believes part of the reason lies in the industrial truck operators in a way that the construction equipment industry did not.

Classical entrepreneur

His father is the classical entrepreneurial figure, fighting hard against all the odds. Mr. Mathew gets particularly cross about the lack of support U.K. governments have given to the entrepreneur. "I should have spent all my time being involved in the building of machines and designing new ones. But I spent at least a quarter of my time on tax problems."

To-day Matbro wins a lot of business on price, as well as for technical reasons. Mr. Mathew looks for at least a 10 per cent. profit on turnover but Matbro can achieve this and still charge less than its competitors on many occasions.



NEARLY THREE of the six months allowed for discussion of the proposed new inflation accounting system have passed and there are already strong indications that opinion is hardening within the accountancy profession against the sheer complexity of the Morpeth steering group's proposals.

The changeover to current cost accounting (CCA) is a major and unprecedented exercise for industry and the accountancy profession which means that it is important for all those concerned with company accounts to understand what is being done and how the changes differ from the existing historic cost system.

The problem appears to stem from exposure draft 18 (ED 18)—the document containing the Morpeth group's CCA proposals—and not from the principle of CCA itself. ED 18 is a complex and difficult document which sets out to re-write almost every accounting rule in CCA terms.

The main question now is whether the initial CCA standard should follow ED 18, or whether it should be limited, at least initially, to the main adjustments on depreciation, the cost of sales, stock and fixed assets which form the essential basis of CCA. One argument is that it might be better to implement these CCA adjustments on which there is general agreement, and deal with all the other controversial aspects of ED 18 in separate exposure drafts, and eventually to standards.

The draft, however, favoured a comprehensive approach and dealt with the CCA aspects of every item in the accounts. In taking this line it was said that CCA was meant to be a realistic management accounting system and for this reason alone the exposure draft had to be comprehensive. A simplified approach might simply have led to year-end adjustments to the financial accounts.

On the other hand, the accountancy profession's Auditing Practices Committee announced only a few weeks ago that there are at least 15 major problem areas in the exposure draft, adding for good measure that the proposed new appropriation account "is not necessarily susceptible to audit."

The Auditing Practices Committee wants to make the CCA system less subjective than it would be under Morpeth's recommendations and it looks as if it has a lot of backing

Morpeth critics want simplicity

BY MICHAEL LAFFERTY

among the major accounting firms. As one senior partner remarked: "The more we look at Morpeth the less of it we like."

Mr. Bryan Blackburn, a partner in Deloitte's, is one accountant who finds ED 18 too complicated. Lease accounting and goodwill are two of the areas which he would like to see left out of the CCA standard, but he is also uneasy about such things as the use of modern equivalent asset valuations in the balance sheet.

Strong views are also held at Whynne Murray, although the firm stresses that it has not developed a final reaction to the Morpeth proposals. Mr. Hugh Patterson, the firm's senior

partner, finds that ED 18 contains "many anomalies, inconsistencies and impracticalities, and gives the impression of having been inadequately researched." He argues that a way of implementing CCA is urgently needed, but states that the urgency must be balanced against the requirement that the solution be "fair, practicable and objectively verifiable."

"We believe that the steering group should have concentrated on the cost of sales adjustment, the depreciation charge and an adjustment for the maintenance of monetary working capital. The introduction of these adjustments should be confined initially to the profit and loss account."

Mr. Graham Stacey, Price Waterhouse's technical partner, would also like to see consideration of a simplified ED 18. Controversial matters such as deferred tax, leasing, and goodwill should be dealt with separately. "We should concentrate on current cost profit. There is too much emphasis on the balance-sheet in ED 18," he declares. He thinks that indices should be adequate for all valuation purposes.

Coopers and Lybrand's senior partner, Mr. David Hobson, strongly supports the main principle of CCA. But he thinks

that ED 18 fails in leaving to the discretion of directors "various apportionments which should be dealt with in arriving at the net profit for the year."

"Some of the matters put forward as criteria to be borne in mind by directors in deciding on apportionments should be reflected in the profit and loss account itself if a true and fair view of the results is to be given."

The auditing practices committee has recently indicated that the appropriation account will not be susceptible to audit and that this "may be considered unsatisfactory." This is the clearest indication from the profession that ED 18 must be varied by introducing clearer rules, so that accounts will continue to give a true and fair view and to be subject to an auditor's opinion in their entirety.

Sir Ronald Leach, Peat Marwick Mitchell's senior partner, and former chairman of the Accounting Standards Committee, believes that despite all its shortcomings ED 18 will be implemented. But it will have to be improved. "To say that the appropriation account is not auditable, is to say it is not worth having. It is an admission of failure," he said. He too wants less subjectivity throughout the proposed standard.

Finally, Mr. Donal Carroll, chairman of P. J. Carrull, the company which has been using CCA-type accounting for over two years, says: "It's only in the past six months that we have started to feel comfortable with it." In his view the figure for distributable profit is the real profit for the year, and for this reason he wants to see the guidelines for calculating the transfer to or from the revaluation reserve firmed up. He also thinks that companies will have to explain more to shareholders the reasons for retaining funds surplus to those required to maintain operating capacity.

This raises the question of the £23m. which P. J. Carrull is retaining after paying dividends of £1.5m. "It is our aim to identify new products for markets abroad which can be marketed profitably in this country, giving significant new employment, and in which we might invest either on our own or in joint ventures with other parties." Mr. Carroll tells shareholders in his chairman's statement.

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BUSINESS PROBLEMS BY OUR LEGAL STAFF

Calculating the premium

Although I am aware that the appropriate figures appear daily in your pages, I am still baffled as to how to calculate the amount of premium included in the prices you quote. Could you please explain?

The amount of the investment currency premium included in the London price of foreign currency securities is easily calculated from the conversion factor shown at the foot of the first column of prices in the FT. Currently, the factor stands at 0.7282, and the price should be multiplied by this figure to arrive at the ex-premium price. Thus a share worth 100p including the premium would be worth 72.82p to a non-U.K. resident.

Shares subject to surrender

Are Australian mining shares bought in 1972 before the dollar premium applied, subject to the 25 per cent. premium surrender, if sold now?

Australian shares are now foreign currency securities as far as U.K. residents are concerned. Their London price therefore includes the investment currency premium and the proceeds of sale would be subject to the surrender of a quarter of the premium.

Permission for use of building

A builder who for some years used a building for a workshop and stores for which planning permission had only been obtained for use as a garage, died in 1974. I have recently acquired his premises, now unused. Can I safely use them for the purpose he did?

It is quite likely that you can establish that the use for more than four years before January 1, 1968 has set up a right to the use as workshop and stores. So long as there has been no actual use other than as workshop and store since then, but the only "gap" is when there was no use at all, you ought now to be able to carry on with the non-conforming use.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

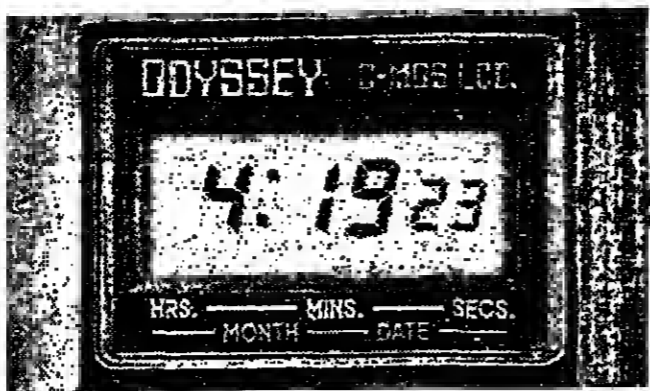
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Changes in the face of time

By CHRISTOPHER LORENZ in London and JOHN WICKS in Zurich

Warnings from the shop floor

IN THE PAST few days a done with the smooth adjustment which the Treasury sought— but should subsequently slow down sooner than would otherwise have been likely.

While it would be extremely naive to take such claims at face value—they are intended principally to bring pressure to bear on union leadership—it would be equally foolish to dismiss them as routine preliminaries to bargaining.

Bad management While it would be extremely naive to take such claims at face value—they are intended principally to bring pressure to bear on union leadership—it would be equally foolish to dismiss them as routine preliminaries to bargaining.

More favourable Both the tragedy and the hope in the present situation lies in the fact that if one more round of effective restraint can be achieved, inflation could, with only moderate luck, be reduced quite drastically by the early months of 1978.

Price trends and exports

BETWEEN July and October of last year, according to the CBI Survey of Industrial Trends, there was a sharp drop in the general optimism of British manufacturing industry about the business outlook: a positive balance of 31 per cent, who felt more optimistic was changed during this period into a negative balance of 9 per cent, who felt less so.

Investment When it comes to expectations about the future, however, the response seems to have been rather less enthusiastic. The forecast for new orders over the next four months is slightly down on the October figure and well down on those of April and July 1976.

AFTER three centuries of steady evolution, watch-making has undergone a revolution in just three years. From being a novelty in 1974, digital watches captured a fifth of the U.S. watch market last year, and nearly a tenth of the European business.

The Californian and Texan microelectronics companies which engineered the revolution have applied a typically aggressive pricing policy. The lowest price from a major manufacturer is now just under \$20 on the U.S. market, compared with over \$125 two years ago, and reliable models from lesser-known suppliers can be had for under \$10 if you choose carefully.

Craze is here to stay

Everyone but the most specialised, high-price supplier of mechanical watches now accepts that the craze is here to stay, and will continue to re-shape every aspect of the business, from manufacture to retail distribution.

Traditional suppliers like the two big Swiss groups (SSIH and ASUAG), as well as the Japanese, are now shipping large quantities of digital watches. But their main strategy is to exploit the accuracy and reliability electronics can offer, while avoiding a head-on clash with the electronics companies.

MEN AND MATTERS

Now the genius show Christopher Cockerell's Hovercraft, and Alec Issigonis's Mini car. There are also less tangible attractions to be regarded like the discovery of pulsars and Bannister's four minute mile.

It would be ambitious to say that gloomy days are past, but one of the exhibition's leading lights, Sir Fred Catherwood, was certain that the mood of intense pessimism which has gripped Britain for so long was beginning to lift.

Changing sides at the table For the past six years Cyril Coffin has been one of the top civil servants charged with ensuring that the consumer gets good value for money as Under Secretary in the Department of Prices and Consumer Protection.

Approach 'em up wind From a Hampshire parish magazine: "You should get a good crop of strawberries from the plants this year. If you can resist eating them all as they ripen, try making whole strawberry jam. The berries should be picked while they are still firm, and care should be taken not to bruise them during preparation. Strawberries need to be stalked very carefully."

products thrown on to the market. A lot of customers have been disappointed by poor quality watches, without after sales service. But it is not to the LED—as well as from just a handful of newcomers the U.S. Timex itself tried some high-priced models last year, and is now quietly putting on to the market watches costing out every three months: the signs pointed to excessive power consumption, but the (long-established) manufacturer LCDs start in the upper \$30s, always tried to blame the claiming better style and battery-maker.

One of the problems with LCDs is that no one can pocket calculator business in its guarantee a life of more than five years for the display quality can be expected to

WORLD EXPORTS OF WATCHES AND MOVEMENTS: THE TRADITIONAL LEADERS

Table with columns for country, 1970, 1973, 1974, 1975. Rows include Switzerland, Japan, USSR, France, West Germany, East Germany, U.K., Portugal, U.S., Total.

DIGITAL WATCH MARKET FORECAST

Table with columns for region, 1975, 1976, 1977, 1980. Rows include North America, West Europe, Far East, Total digital watch consumption, Total watch consumption, Digital share of total market.

U.K. WATCH MARKET FORECAST

Table with columns for watch type, 1975, 1976, 1977, 1980. Rows include Mechanical, Quartz analogue, Digital, Total (m. units).

because the product is so new. LCDs have also been invisible in the dark without a small back-light, which increased power consumption. The use of (radioactive) tritium for permanent back lighting is now being introduced. Some companies are also experimenting with solar-powered accumulators in place of batteries, but these are much more costly.

produced a tiny model by splitting the battery into two, each the size and thickness of a drawing-pin head. Case design, several other semiconductor companies. In the U.K., Snelgrove ran into technical difficulties and the flag is now being carried by a handful of firms including a small north London company, Trafalgar.

One of the ways the Swiss hope to be competitive at profitable prices—which rules out the bottom of the market—is by improving battery life. SSIH plans to offer a three-year battery in 1977. Like the Americans, the Japanese and the lesser-known, Japanese and Hong Kong and Taiwan, the Swiss will also add extra functions to their watches. This is a cheap and relatively easy process with microcircuit technology: stop-watches and calculator-watches are already on the market, and a host of other functions will follow in the next few years, from a personal diary (dates to remember) to even a radiopaging sleeper device.

It is the Swiss who have appeared the worst affected by the advent of digital watches. Over the past two years their share of total world export trade has fallen from nearly half to little more than a third, exports have slumped from \$4m. to \$2m. unit company profits have disappeared and employment has dropped from 30,000 to under 60,000. Many small businesses have been forced to merge. But digital watches were only the last straw. Competition from East Europe, the world recession and the continually soaring Swiss franc were already eating into the industry by 1974, as the tables show. The decline appears to be over, for a moment at least, but few companies are profitable and the franc is still causing concern.

Jewellers' margins

The jewellers have been accused by their trade press of burying their heads in the sand and throwing their market away. For some, this may be true, but others have consciously steered clear of the product which carries a smaller margin than their predecessors. Some jewellers chains are showing signs of changing their minds, however as even the Swiss recognise that digital watches are here to stay. The author of a forthcoming European market study for Hugo Buchser, the Swiss publisher, claims to have support from some leading Swiss companies for his forecast that 38 per cent of the watch market will be digital within three years.

In the U.S., digital watches have even more of an upheaval. Bulova made heavy losses in 1975 and last year was forced into the arms of a Hong Kong family electronics business, only slightly against Ebauches Snelgrove, which provided a minority stake and a new chief executive. Timex bought RCA's LCDs to outclass LEDs by 1980 liquid crystal displays and large quantities of components from other companies, and appears to be gearing up for a counter-attack. In the words of a comprehensive report on digital watches by the Economist Intelligence Unit (EIU), Charateristically, Timex has kept digital sales, and jump from quiet about the impact of 1.5 to 20 per cent of the world digital watch business, but was forced to cut employment at one of its British factories last July.

Ebauches agrees that sales of mechanical watches will fall, but it is not, just the traditional manufacturers (or absolute terms. Whichever you component assemblers) who you look at it, the watch have been bit. Time Computer, business will never be the same which was the first to market again.

STEINBERG GROUP LIMITED

Interim Report 26 weeks to September 25, 1976

Financial statement table for Steinberg Group Limited showing turnover, profit, and dividends for 26 weeks, half year, and 52 weeks.

The Directors have decided to pay an interim dividend of 0.32p (0.02p) per share payable on April 7 1977 to ordinary shareholders whose names appear on the Company's register of shareholders at the close of business on February 25 1977. It will be appreciated that under current economic conditions it would be unwise to forecast results for the full year.

European growing pains

By GUY DE JONQUIERES in Brussels

Zurich

THE UNCOMFORTABLE realization is dawning on Governments of the Nine, only six months after they reluctantly agreed to open formal negotiations with Greece on its entry to the EEC, that they may have to deal with an application for membership from Portugal. A formal request may come after the Portuguese Prime Minister, Dr. Mario Soares, has completed his planned tour of European capitals to make his case to national leaders.

It is an open secret that some hope that the application will come later rather than sooner. Dr. Soares' first port of call will be London next Monday and Tuesday.

It is generally recognised at the principal Portuguese office in Brussels that the prolonged period of isolation, Dr. Soares and his colleagues are eager to lead their country back into the mainstream of modern Europe and hope thereby to underwrite its infant democracy against the risk of being undermined from Right and Left.

Officially, all Nine acknowledge this to be a legitimate objective and one which they are aiming—not least because they fear that a rebuff could undermine Portuguese domestic political balance. In the words of Hans-Dietrich Genscher, the German Foreign Minister, the Nine must honour Portugal's European option, enshrined in Article 237 of the Rome Treaty, which permits any European country to apply for membership.

No one has been more vocal in support of Portugal's case than the British Foreign Sec-

retary, Mr. Anthony Crosland. In his keynote speech as incoming president of the Council of Ministers in January he admitted that enlargement would confront the Community with major practical problems, but concluded that it was an investment in the democratic future of Europe, whose long-term benefits would far outweigh the costs.

Mr. Crosland

Mr. Crosland's reasons are not entirely clear, though they probably stem from concern about cementing Portugal's place within the broader framework of the Atlantic Alliance as well as from a fraternal feeling towards other European Social Democrat Governments. More cynical observers suggest that it may also reflect the appeal to the Foreign Office of any action which could bring the EEC's Common Agricultural Policy to its knees.

Other Governments, however, are less sure. The Belgians and Dutch fear that it will be even more difficult to reach decisions in an enlarged Community and insist that before contemplating new admissions the Nine should take urgent steps to put their own house in order. One proposal they favour is that the unanimity rule in the Council should be relaxed to allow more decisions to be taken by a "qualified majority," without any one country being able to apply the veto.

France, which has never been as enthusiastic about Portugal's admission as it has been about that of Greece, has preferred to focus on the economic obstacles. It argues that Portugal is not yet ready to join and will need

many years to build up an industrial base capable of withstanding competition within an industrial common market, even with the benefit of development assistance from the EEC and elsewhere. Ireland, the poorest member of the Community at present, also takes a dim view of enlargement: it fears that it stands to lose most from the admission of even poorer members, with which it will have to compete for the limited EEC financial resources.

The Portuguese themselves admit that integrating their economy into the Community will be no easy task. They have suggested informally that they will need a lengthy 15-year transition period after entry to come up to speed—three times longer than that proposed by Greece. Portugal is the third poorest of the OECD countries after Turkey and Yugoslavia, with a per capita Gross Domestic Product of \$1,517 in 1974, only one-third of the EEC average of \$4,557. Moreover, the gap has almost certainly widened during the past two years. The Nine are acutely aware of the problem that this discrepancy will pose.

With these considerations in mind, the Belgian Foreign Minister, M. Rensal van Eland, recently proposed that the Community consider devising some new form of link with Portugal, falling somewhere between full membership and the association agreements at present existing with Greece and Turkey.

One possibility, he said, would be to include Portugal in the political co-operation sessions at which EEC Ministers discuss ways of concerning their foreign policies without attempting to reach Community decisions.

Since it began negotiating, the Greek Government has been briefed on these discussions, though it has not been invited to attend them.

But at the European Commission, which will have to prepare an opinion on Portugal's application before it is considered by the Council of Ministers, this idea has been greeted with some scepticism. It is felt that anything less than the promise of full membership would disappoint Portugal's political requirements and could result in an awkwardly ambiguous working relationship. Another problem is that the Treaty of Rome provides for no formal link other than association or full membership.

Alternatively, Portugal might be offered a "pre-membership" status with a firm commitment to full membership after a specified period. That was recommended a year ago for Greece, but later overruled by the Council of Ministers under heavy pressure from Athens. But the Portuguese appear cool to the idea. The Commission is hesitant about putting it forward again in case it is turned down by member Governments on the grounds that Portugal cannot be expected to accept what Greece flatly rejected.

Farm Fund

But whatever arrangement is finally decided, the belief is growing in the Commission that a Portuguese application should not be dealt with in isolation, as that of Greece clearly was last year. It must be seen in the broader context not only of the Greek negotiations already under way but also of the application which Spain seems

likely to submit in early summer, soon after its national elections.

Though less problematic in certain respects than those of Greece or Portugal, Spain's prospective application seems certain to throw into even sharper relief many of the still unanswered questions about how an enlarged Community will operate. With a population of roughly 35m., twice that of the two smaller countries combined, and a gross domestic product of more than \$85bn., the eighth largest in the industrialised West, the impact of its entry will be felt more immediately and more profoundly.

Many people in Brussels frankly doubt whether the Common Agricultural Policy, already creaking, can withstand the effect of Spain's entry, unless it is radically modified in ways which will displace other EEC farmers. Spain is a major producer of wine and horticultural products, of which the EEC already suffers a glut, and its citrus will provide an welcome competition for Italian farmers.

Though industrially more advanced than either Greece or Portugal, Spain will no doubt just as vociferously seek a transfer of resources to the richer members to speed its economic development. But the EEC Regional and Social Funds and the guidance section of the Farm Fund are inadequate even for the needs of the existing Community. Without a substantial increase of the available resources the divergent economic trends threatening to divide the EEC into two camps will be aggravated. But Germany, while enthusiastically supporting the principle of enlargement, has given no sign that it is ready to



Three Premiers on the Community doorstep. From left to right: Suarez of Spain, Karamanlis of Greece, and Soares of Portugal

shoulder the costs.

All three potential new entrants are likely to have difficulty coping with imports from the developing world which enter the EEC on preferential terms under its elaborate system of external commercial agreements. How, for example, will the Greek textile industry fare, once shorn of its protected home market? Such considerations can only complicate the task of forging a united EEC front in future GATT trade talks and negotiations on economic relations between the industrialised and developing countries.

Politically, the EEC has yet to assess the implications of Greek membership for its external policies towards Turkey and Cyprus. Relations with Turkey have cooled perceptibly since the start of the Greek negotiations. Though there has been an improvement of late, it is admitted it will be difficult for the Community to maintain an even-handed approach towards the eastern Mediterranean. Equally, the task of co-ordinating the EEC Governments' policies towards the Middle East—an area in which the Nine have displayed cohesive-

ness, if no great effectiveness—is likely to run up against a serious problem because Spain, like Turkey, refuses to recognise Israel diplomatically.

Internally, the EEC must decide whether it can fairly apply such policies as its rules on competition with equal severity to its new entrants as to those economically more developed, or how the Nine, EEC to define an overall strategy towards enlargement will become more plausible. Such a strategy would look forward to the eventual possibility of a membership application by Turkey sometime after 1990, as is provided for in its association agreement. Some people in the Commission see in this conjunction of events an opportunity to initiate the kind of thoroughgoing debate about the EEC's fundamental aims and purposes which Governments have so far been unwilling to undertake. That may be a rather optimistic ambition. But it seems clear that enlargement will introduce far-reaching change into the Community. If Governments are to control that change rather than react to it, they must soon begin a serious examination of the likely consequences.

The fear in Brussels now is that Greece will accept any terms just to gain entry, knowing that it can always seek renegotiation later.

As every week passes, however, it will become more difficult for the Greeks to claim that their application must be considered separately from the others, and the case for the EEC to define an overall strategy towards enlargement will become more plausible. Such a strategy would look forward to the eventual possibility of a membership application by Turkey sometime after 1990, as is provided for in its association agreement. Some people in the Commission see in this conjunction of events an opportunity to initiate the kind of thoroughgoing debate about the EEC's fundamental aims and purposes which Governments have so far been unwilling to undertake. That may be a rather optimistic ambition. But it seems clear that enlargement will introduce far-reaching change into the Community. If Governments are to control that change rather than react to it, they must soon begin a serious examination of the likely consequences.

Letters to the Editor

Effects of Bullock

The Chairman, Bullock's Photographic.

The problem upon reading Bullock's report is to avoid being incoherent with frustration, as the only true way to deal with it is to write one of equal length and deal with it item by item. This is impractical, however, and I therefore choose to deal with one fundamental issue, the consequences of which seem to have been ignored. What is the effect of imposing this particular mathematical formula on highly successful companies? I would like to take my own as an example. In 29 years we have grown from a staff of two to nearly 600, a multi-national company which contributes substantially to the economic objectives of this country. We have always enjoyed excellent industrial relations and have never met a day's output through disputes. We are expanding further, very progressively. Our joint consultative committees. Our directors are full-time executives with the exception of the president (who only contributes 50 years of commercial experience at Board meetings), and in our investment decisions we have always applied the maximum resources available. Our dividend policy has been modest to the point of criticism.

Our board numbers 13, each managing director of a subsidiary or heading a group division. I don't know how many of the majority report members of the Bullock Committee have ever attended a commercial board meeting. I can assure them that dividends and redundancies constitute a rare and insignificant part of our discussions. Time spent in our meetings is on the "dirty grubby" running of the business and on the complex inter-relationship of management decisions—buying, commissioning, planning, selling. In all these matters individual members have consulted conscientiously with their own teams, and the group as a whole is intensely concentrated and professional. We all work extremely long hours. With the exception of myself and two or three directors, the majority of the board are not substantial shareholders, but notwithstanding they identify themselves completely with the company, and we do not draw any distinction between the company and its employees.

We are an integrated group which does not seek conflicts, and here they are present because of the fundamental philosophy of capitalism. We seek by practical means to reduce the problems. Of all the grades it is senior management who have suffered the most financially over the last few years. This is a well known fact; the details do not have to be gone into. If it were one alone, my Board would have been on strike a long time. Their motivations for work involvement are personal to each of them, but one would assume that a major part of that attitude is based on pride and an exercise of authority, with a desire to get things done and financial success—characteristics common to both politicians, traders and most developed minds.

We are committed to the idea of extending participation and would indeed welcome representation on our Board through joint consultative committees which is working towards these ends. Thus can it seriously be ill-advised to remove seven of our directors and replace them with employees without experience (overwhelmingly and three outsiders? Where are these outsiders coming from? How do

we find them? By advertisement? How can they be expected to make a contribution which is superior to that which exists? What are they serving an approval period? Our Board is not a balancing act. Consensus is reached, not by dogma, but by intellectual argument. Nobody represents anything other than the search for the best path. What are the seven directors who go to the board doing? Without their motivation can one really expect their performance to be equal?

How will the remaining directors accept seven new directors with whom they have never worked before? An essence of commercial life is continuity. What happens to that? Lord Bullock has created a mathematical formula which if applied to commercial companies, would be insane. There is no other word. It would destroy the fabric of our Board and, I believe, the majority of other industries of this country.

For myself, this is the first cause for which I would be prepared to go to the barricades, and I would be glad to see the nightmarish dimensions of Bullock and the effect they will have over managements during the next few months, are going to cost the country dearly. Once again managements' energies and efforts are being distracted from the task ahead by the threat they face in entering into a new Kafka-like world. Let there be no doubt that the Bullock report will have an effect immediately, strongly and to the total detriment of the country, and it needs an immediate assurance from the Prime Minister that industrial democracy, with which we all agree and which has nothing to do with Bullock, is not going to be the excuse to impose this destructive political system.

Stanley Kalms, *Dixon House, 18-24, High Street, Edgware, Middlesex.*

Industrial democracy

From Mr. J. Sim.

Sir.—The Bullock Report takes 166 pages to explain why a particular solution to industrial democracy is favoured by a majority of that committee. What it fails to do is to highlight in simple terms what is being recommended. Can I try to do this?

The main point at issue is a simple one—who is to control British industry, trade unions or managers? The Bullock proposals make trade union control an absolute certainty. Let me explain (page 103 of the report): In a company with under 10,000 employees it is recommended that there should be 11 directors (four union, four shareholders and three others). If the agreement cannot be reached on who the three others are then the Industrial Democracy Committee will nominate them. The only logical outcome is a compromise, with one seat going to each of the two sectional interests and the third going to a Left-wing candidate when Labour is in power and the opposite if the Conservatives are in Government. (The composition of these committees always reflect their political masters.) It is obvious therefore that under a Labour Government the Board of directors will be given six trade union seats which will ensure effective trade union control of that company.

The alternative is equally obvious. If it is considered that Board level involvement by employees is desirable, but that trade union control is not wanted, then there is only one solution—to leave managers, that is, directors, in charge. Employees representatives are, of course, then in the minority—with, say, one-third of the Board seats. What is wrong with this? The voice of employees can be heard effectively and if their viewpoint is not upheld the collective bargaining machinery is available as a back-stop. Even the Bullock recommendations do not see this being changed.

I hope I have made it clear that the main issue is a simple one—not whether it is a good or bad thing to have employee directors on Boards, but who is best fitted to control British industry. No other country in the world has given this degree of control to their trade unions and I imagine that we would fall even further behind economically if we were foolish enough to allow this to happen.

J. R. Sim, *Lampmead, Mill Lane, Gerrards Cross, Bucks.*

Steam generator testing

From Mr. R. Whyte.

Sir.—The suggestion that Parsons should be financially liable for the costs of the Drax generator rotor troubles (January 28) needs careful examination. Whoever possible before any advanced mechanical engineering product is put on the market it is subjected to lengthy periods of prototype testing and because the service load histories can vary widely in different applications the desired degree of reliability can only be established after several years in the field. On different applications, this is the long established practice for aero engines, diesel engines, boiler feed pumps, etc. It is impossible for steam generating sets since c.1914 due to their increasing size. Thus the power station becomes the effective test bed for all prototype steam generating sets and as the Central Electricity Generating Board dictate the size and conditions of the new equipment they also dictate the degree of extrapolation beyond existing engineering knowledge and experience.

Experience over the last fifty years in the U.K., Europe, and the U.S. shows that each step up in size of steam generator sets brings its own crop of development problems. Up to the size of 100 MW and protected at that time by the British Electrical and Allied Manufacturers Association prices the best manufacturers survived and carried the costs of these development problems. Present day prices are now negotiated with the monopoly customer (CEGB) and have not undergone the adjustments to take account of the very much larger risks and liabilities involved in the 500 MW and 660 MW sets and take no account of possible consequential costs.

Fatigue failures arising from vibrations are perhaps the main cause of the development problems and the difficulty (impossibility) of predicting the incidence of high strain low cycle fatigue is well known. Fatigue problems may and do occur at any time in the life of a generating plant.

In these circumstances to ask a manufacturer to be responsible for consequential damages on a new larger size of generating plant (a size dictated by the customer) which must involve unknown risks and which he has no possibility of testing in his own factory seems a slow but sure way of killing off an industry.

R. R. Whyte, *Lisken, Bentinck Road, Atrincham, Cheshire.*

GENERAL

The Queen and Duke of Edinburgh leave this evening for Silver Jubilee tour of Western Samoa, Tonga, Fiji, New Zealand, Australia and Papua New Guinea.

Treasury issues figures of Central Government financial transactions, including borrowing requirement, for January.

TUC Economic Committee meets.

European Court of Human Rights, Strasbourg, ends first session on allegations by Ireland of brutality to IRA prisoners by security forces in Ulster.

Mr. Peter Shore, Environment Secretary, scheduled to meet Japanese negotiators on proposed Anglo-French contract to process spent nuclear fuel.

Two-day meeting of Organisation for Economic Co-operation and Development ends, Paris.

CBI Employment Policy Committee meets.

European Court of Human Rights, Strasbourg, ends first session on allegations by Ireland of brutality to IRA prisoners by security forces in Ulster.

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CBI Employment Policy Committee meets.

Financial Times two-day World Banking Conference ends, London Hilton, W.I.

Prime Minister opens "Sound barrier" conference on defence, Grosvenor House, W.I.

To-day's Events

Mr. Roy Hattersley, Prices Secretary, speaks at U.S. Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Mr. John Silkin, Minister of Agriculture, visits North Sea fishing grounds on frigate HMS Cleopatra.

Mr. William Whitelaw, deputy-leader of Opposition, addresses Working Conservative women's conference.

PARLIAMENTARY BUSINESS

House of Commons: Debates on child benefit scheme and on issue of 714 Certificates for self-employed. Proceedings on Rent (Agriculture) Amendment Bill.

House of Lords: Debate on society's attitude to industry.

Select Committees: Expenditure (Trade and Industry sub-committee). Subject: Fishing Industry. Witnesses: local fisherman, England and Wales (10.15 a.m., Room 16). Nationalised industries (sub-committee). C. Subject: Horse Race Totalisator Board. Witnesses: The Board (4 p.m., Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Job-creation programme. Witnesses: Department of Employment and Manpower Services Commission (4.30 p.m., Room 13).

OFFICIAL STATISTICS

Housing starts, completions and grants (December). Slum clearance (4th quarter).

COMPANY RESULTS

Trust Houses Forte (full year).

COMPANY MEETINGS

Electronic Machine, Winchester House, E.C. 12, Redfern National Glass, York, 12. Westland Aircraft, Hyde Park Hotel, S.W. 12.

SELECT COMMITTEES: Expenditure (Trade and Industry sub-committee). Subject: Fishing Industry. Witnesses: local fisherman, England and Wales (10.15 a.m., Room 16). Nationalised industries (sub-committee). C. Subject: Horse Race Totalisator Board. Witnesses: The Board (4 p.m., Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Job-creation programme. Witnesses: Department of Employment and Manpower Services Commission (4.30 p.m., Room 13).

MUSIC

Monteverdi Orchestra and Choir, conductor John Eliot Gardiner, perform Bach Mass in B minor, Royal Festival Hall, S.E.1, 8 p.m.

EXHIBITIONS

Pompeii AD 79 Exhibition, Royal Academy of Arts, Burlington House, Piccadilly, W.1 (until March 13).

Products chosen as souvenirs of Silver Jubilee. Venues: Design Centre, 25, Haymarket, S.W.1, and Scottish Design Centre, 72, St. Vincent Street, Glasgow, G2 (until March 3).

"A Tonic to the Nation" 23rd anniversary of Festival of Britain 1951 Exhibition, Victoria and Albert Museum, Exhibition Road, S.W.7 (until April 3).

"Unofficial" art from Soviet Union. ICA Galleries, The Mall, S.W.1 (until February 27).

SPORT

Soccer: England v Netherlands, Wembley, Republic of Ireland v Spain, Dublin, Scotland v Wales Under-21, Edinburgh. Squash: British amateur closed championships, Wimbledon. Snooker: Benson and Hedges tournament, New London Theatre, W.C.2.

Responsibility and power

From Mr. P. Brooke.

Sir.—The kind of arguments that have been raised against the Bullock report show how bad British managerial thinking is and how badly it needs just the kind of shake-up Bullock is proposing.

The problem is that there is a continual fight between management and unions in industry, with the result that management can't manage, profit margins fall, workers have to be laid off and wages can't increase. Neither side gets what it wants.

What is needed is a substantial change in attitude on the part of the workforce and this is not going to be achieved—as many right wing economists like to imagine—by their relinquishing the power they have already gained through the unions. It can only be gained through their assuming the responsibility that goes with the power they have already got. And that is what Bullock proposes.

It is absurd to say that Bullock is offering them power without responsibility, and that is precisely what they have at the moment. It is absurd to recommend that worker directors should be in a minority on the Board, since, if they are in a minority, there will be no need for them to change their currently negative attitude to the need for profitability. The most doubtful part of Bullock is the "X + Y" element which, according to his report, is likely to be weighted in favour of the shareholders. It is dishonest to create the impression that the "2X + Y" formula is going to be statutorily imposed on all large firms, when Bullock is clear that a

majority of the Board are not substantial shareholders, but notwithstanding they identify themselves completely with the company, and we do not draw any distinction between the company and its employees.

We are an integrated group which does not seek conflicts, and here they are present because of the fundamental philosophy of capitalism. We seek by practical means to reduce the problems. Of all the grades it is senior management who have suffered the most financially over the last few years. This is a well known fact; the details do not have to be gone into. If it were one alone, my Board would have been on strike a long time. Their motivations for work involvement are personal to each of them, but one would assume that a major part of that attitude is based on pride and an exercise of authority, with a desire to get things done and financial success—characteristics common to both politicians, traders and most developed minds.

We are committed to the idea of extending participation and would indeed welcome representation on our Board through joint consultative committees which is working towards these ends. Thus can it seriously be ill-advised to remove seven of our directors and replace them with employees without experience (overwhelmingly and three outsiders? Where are these outsiders coming from? How do

The German system

From Mr. W. Allenby.

Sir.—Even the most unlikely tale will be believed if it is repeated often enough. Open any paper and you will find reference to the German system of shareholder/employee parity on the Boards of companies employing more than 2,000. Even the front page of the Financial Times fell into the trap on February 1,

the main point at issue is a simple one—who is to control British industry, trade unions or managers? The Bullock proposals make trade union control an absolute certainty. Let me explain (page 103 of the report): In a company with under 10,000 employees it is recommended that there should be 11 directors (four union, four shareholders and three others). If the agreement cannot be reached on who the three others are then the Industrial Democracy Committee will nominate them. The only logical outcome is a compromise, with one seat going to each of the two sectional interests and the third going to a Left-wing candidate when Labour is in power and the opposite if the Conservatives are in Government. (The composition of these committees always reflect their political masters.) It is obvious therefore that under a Labour Government the Board of directors will be given six trade union seats which will ensure effective trade union control of that company.

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J. R. Sim, *Lampmead, Mill Lane, Gerrards Cross, Bucks.*

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Peak £0.93m. from Mann & Overton

AFTER being up from £24,000 to £298,000 at half-time, pre-tax profit for Mann & Overton rose from £315,566 to a record £273,779 for the year ended October 31, 1976. A significant improvement had been forecast.

Tax takes £467,033, compared with £289,696, and £364,536 (£134,450) is transferred to reserves.

Dividend total is up from 3.1p to 3.25p per 25p share with a final of 2.38p net.

The company operates as London taxicab specialists and motor engineers, and has interests in HP and finance.

The first half attributed balance after an extraordinary loss of £102,000 (£40,000) on investment in Melford Engines Inc. came out lower at £232,000 (£181,000). At the end of the year the company sold its interest in Melford and the loss resulted from this sale of about £80,000 will be written off against the second six months' profit, directors state.

Turnover for the half-year ahead at £7.2m. (£4.5m.) but this was influenced by delivery dates of individual contracts does not reflect the level of activity in the factory.

It is the Board's intention to continue giving their estimate of the year's results when they announce the interim dividend in April. Last year the interim dividend was 1.25p net per 50p share and total for the year was paid from profit of £1,541,000.

comment

Mann Overton was signalling a very good year when interim profits rose by 45 per cent, but a full year increase of 75 per cent is much better than could have been anticipated. Undoubtedly sales of taxis were improving and volume was up by 14 per cent. It is even with price inflation of around a quarter over the period that does not fully explain such a buoyant profit performance. The answer lies in the HP business with more London cab drivers aiming at ownership, and the higher returns for the company on HP sales. The normal margin on a cash sale is 12 per cent, but on an HP sale this could be over 20 per cent. Understandably the share price with a 10p increase to 33p yesterday, but having come up from a profits plateau of the previous four years the question must be kept up a steady profit growth in what must be a very tight market for taxis. Even so, speculation is bound to centre around the 22 per cent stake built up by Winn Industries over the past year and a bid cannot be ruled out. So the shares are unlikely to show any weakness in the short term on a p/e of 43 and yield of 61 per cent, though if Winn does not act the rating might suffer.

Meat Trad Suppliers at £0.2m.

A slight decline in taxable profit from £202,015 to £200,628 is shown by the six months ended September 30, 1976. Sales were £0.19m. at £4.46m.

The interim dividend is lower at 2.25p net (£5p) per share. Mr. W. C. Anstey, the chair, says the decreased rate of dividend does not necessarily indicate the total for the year will be less than the £1.30 paid for 1975 on profit of £425,514.

Waiving of rights on 910 shares (980,000) by the chair and other members, reduced sum absorbed by the interim dividend to £29,575 (£33,600) to £29,701.

After tax for the six months ended September 30, 1976, the net balance was £116,151 (£107,610).

Peter Brotherhood up £71,000

MACHINERY AND power plant manufacturers Peter Brotherhood produced taxable profit up £71,000 at £480,000 in the six months ended September 30, 1976. For the

DECCA LIMITED INTERIM REPORT Half year to 30th September, 1976

The profits of the Group for the half year to 30th September 1976, based on unaudited accounts, are set out below compared with the corresponding period of 1975 and the year 1975/76.

	1976	1975	Year to 31st March 1976
	£'000	£'000	£'000
GROUP TURNOVER			
Consumer Goods	35,900	39,000	81,800
Capital Goods	49,400	39,300	88,200
TOTAL	85,300	78,300	170,000
TRADING PROFIT before charging Depreciation, Interest and Taxation ...	9,816	9,174	21,131
Less Depreciation and Amortisation	2,570	2,509	4,901
PROFIT BEFORE INTEREST AND TAXATION	6,946	6,665	16,230
Less Interest Payable (net)	1,447	1,226	2,653
PROFIT BEFORE TAXATION	5,499	5,439	13,575
Provision for taxation	3,100	2,875	7,490
PROFIT AFTER TAXATION	2,399	2,564	6,105
Attributable to Minority Shareholders in subsidiaries	395	200	512
Special items—net effect of changes in foreign exchange rates net current assets—expenditure on North Sea dry wells—net cost of factory closures	7	26	(226)
NET PROFIT ATTRIBUTABLE TO DECCA LTD.	2,011	2,270	5,155
Comparative figures for profit before interest and taxation are:			
Consumer Goods	750	2,043	5,793
Capital Goods	6,196	4,622	10,481
TOTAL	6,946	6,665	16,230

Turnover and profits from capital goods increased substantially compared with the corresponding period of last year. Profits from consumer goods were lower because of reduced T.V. sales and lower profitability from records. Profits for the six months do not include the group's share of the results of associated companies.

The Directors have declared an interim dividend of 3p per share (last year 2.7p) on the Ordinary and "A" Ordinary shares, each of 25p, to shareholders on the register at the close of business on 31st March, 1977, payable on 29th April, 1977, absorbing £564,290 (last year £507,561). The increased payment is intended to reduce the disparity between the interim and the final dividend.

Group pre-tax profits for the year to 31st March, 1977, may be lower than for the previous year, mainly because of reduced profits from records and exceptional charges expected from an impending reorganisation of the U.S. radar company, Colour T.V. is currently showing a modest surplus, while the capital goods sector continues its growth in turnover and profits.

8th February, 1977.

COUNTER-INFLATION ACT 1973

The Treasury has given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Company	London	Amount	Date
London W1	£10,625,897	30.9.76	
Wilkins & Mitchell Ltd.	£9,282	31.3.77	
Geover Tin Mines Ltd.	£41,280	31.3.77	
ERP (Holdings) Ltd.	£102,084	2.4.77	
The Scottish Homes Investment Co. Ltd.	£53,846	31.3.77	
Leyland Palm & Wallpaper Ltd.	£293,612	2.10.76	
Gipeng Consolidated Ltd.	£797,379	30.9.76	
The Wagon Finance Corporation Ltd.	£569,713	31.12.76	
Boustead Ltd.	£123,167	31.12.76	
R. Smallshaw (Knitwear) Ltd.	£19,230	30.9.76	
Lansdale Universal Ltd.	£415,803	30.11.76	
Status Outsource Ltd.	£200,000	30.11.76	
Y. Lovell (Herts) Ltd.	£348,224	30.9.76	
S G B Group Ltd.	£1,494,338	25.9.76	

Published by the Treasury as required by the above Act.

COMPANY NEWS + COMMENT

Dowty sees more growth after midway leap

INCREASED TURNOVER and a margin improvement from 10.9 per cent to 13 per cent resulted in taxable profit of Dowty Group jumping £2.42m to £8.38m in the six months to September 30, 1976, and group forecasts for the second half indicate maintenance of this upward trend.

After adjustment earnings per 50p share are shown to have risen from 5.3p to 7.4p and the interim dividend is effectively raised from 1.8p to 1.95p at a cost of £1.12m (£1.01m). Last year a final payment of 1.50p was paid from profits of £13.14m.

Trading profits for the first half increased 30 per cent from £8.44m to £2.7m. This improvement includes the effect of the change of basis in accounting for stock in accordance with SSAPs. The results of the hydraulic seals and industrial hydraulic division reflected a recovery from the depressed level of activity a year ago.

U.K. turnover 1975-76 5,980, 1976-77 6,231, 20,673

Overseas and export 21,225, 20,693

Total turnover 27,205, 41,366

Trading profit 2,700, 4,443

Interest 137, 193

Profit before tax 2,837, 4,636

Income tax 2,117, 2,117

Net profit 720, 2,519

Extraordinary dividend 1,216, 2,519

Attributable 5,464, 2,519

Dividends 1,216, 2,519

Retained 2,248, 2,519

* Including £350,000 being the amount of retained loss of the adoption of revised basis of accounting in accordance with SSAPs. † Estimated effect of the change of basis of accounting with SSAPs on the valuation of stock and work in progress at April 1, 1976. ‡ Some related to exchange rate adjustments.

comment

Dowty's £8m. interim pre-tax profit before the accounting adjustment are up by 30 per cent, and are a tenth higher than the market was expecting, so the shares reversed an earlier 3p fall into a 3p gain at 11.4p yesterday. The main boost came in the U.K., where the 16.8 per cent rise in turnover was double the rise in overseas sales and exports. Activity in operating a full order book even before the MRCA contract gets into full production — an event that will boost profits 18 months from now. The domestic machine side is showing the best that can be hoped for in an ex-growth situation; U.K. coal extraction is at last beginning to reverse the downward drift, but it will be many years before the NCB's ambitious spending plans reach the coal face and Dowty's order books. Hopes are pinned now on new overseas markets where coal extraction is being hastened as part of revised energy policies. The industrial side still has about a third to go in its recovery road, but this could take some time in the present state of the economy. Still, given the momentum, full-year profits could be around £12m, including £1.1m from higher stock values under SSAPs, for a diluted p/e of 7.7. In line with the engineering sector, it could be argued that Dowty deserves some premium to its rating.

Advance at J. Saville Gordon

METAL merchants, processors and engineers merchants J. Saville Gordon Group increased pre-tax profit of £451,836, against £380,864, for the six months to October 31, 1976, to turnover increased by £5,044m to £12.82m. Total profit for 1975-76 was £267,584.

The interim dividend is effectively raised from 0.25p to 0.4p net. Last year's total was equivalent to 1.98p.

First half tax took £234,955 (£203,248).

The directors say that during the period metal and commodity prices fluctuated dramatically and this coupled with the effects of pressure on sterling meant that market conditions for the metal trading and processing companies were extremely difficult. Companies operating as

INDEX TO COMPANY HIGHLIGHTS

Company	Page Col.	Company	Page Col.
Alcan (U.K.)	18 2	Hawthorn Leslie	18 2
Bank Leumi (UK)	19 4	Imperial Group	19 1
Birmingham Pallet	18 4	Mann & Overton	18 7
Brotherhood (Peter)	18 8	Mears Brothers	18 3
Crest Nicholson	18 5	Meat Trad Suppliers	18 7
Decca	19 6	Noble Grossart	18 4
Oe La Rue	19 7	Philips (UK)	19 8
Dobson Park	19 4	Saville Gordon	18 1
Dowty Group	18 1	Schroder Life	19 5
Drayton Premier	18 4	Steinberg Group	18 3
Glass & Metal	18 4	Stewart Plastics	18 6

levels mean that profits would look even more poorly under Current Cost Accounting. The shares at 11p yield an historic 12.3 per cent.

Statement Page 16

Progress for Noble Grossart

AN ADVANCE in taxable profit of £14,964 to a record £55,432 is reported by Edinburgh-based merchant bankers Noble Grossart — an unquoted company — for the year ended January 31, 1977. The directors say there is every reason to be confident about the company's prospects in the coming year.

For 1976-77 total £446,000 (£253,000) ordinary net balance up at £439,432 (£277,366). Ordinary dividends absorbed £30,310 (£46,670) and the retained profit was £289,122 (£230,696).

The companies managed by Noble Grossart include Piet Petroleum, Caber Oil and North Sea Asset.

In his annual statement, Mr. Angus Grossart, the managing director, says the corporate finance business continued to expand and the year was characterised by a greater number of individual transactions and fewer large ones.

Banking profits were well ahead of the previous year and a high degree of liquidity was maintained. Acceptance credits and leasing business expanded and commercial lending was reduced so that there was a small net reduction in total commitments.

There is every reason for the company to be confident about its prospects in the coming year, he tells members.

comment

After a bare 4 per cent improvement in profits at half time, Glass and Metal finished the year 21 per cent up on turnover increased by 11 per cent. Given that there is a moderate second half there, the main element in the 33 per cent rise in this period seems to have been mechanisation at the Splintex toughened glass plant. This has meant more efficient use of glass and greater concentration on the retail outlets (up by about three quarters over the last three years) has doubtless given some defensive strength while the concentration on exports has been vindicated. Most of the second half is already completed and the recovery has continued; as with several other garment manufacturers, exports to the continent are proving a great help and, in Steinberg's case, the total export gain could be in the region of 50 per cent. So pre-tax profits of well over £200,000 are likely but with shareholders funds in the last balance sheet at £5m, this is still far short of a reasonable return. Moreover the high stock

comment

After two years of falling profits ending in a loss of £139,000 in 1975-76, Steinberg now seems to be over the worst. The largest single factor is probably the closure of the loss-making footwear division but also some re-equipment has helped productivity. On a longer view, the strategy of increasing the retail outlets (up by about three quarters over the last three years) has doubtless given some defensive strength while the concentration on exports has been vindicated. Most of the second half is already completed and the recovery has continued; as with several other garment manufacturers, exports to the continent are proving a great help and, in Steinberg's case, the total export gain could be in the region of 50 per cent. So pre-tax profits of well over £200,000 are likely but with shareholders funds in the last balance sheet at £5m, this is still far short of a reasonable return. Moreover the high stock

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Record £129.5m. from Imperial Group

£3.6m. to be spent by Dobson Park

De La Rue peak nine months

On a 21.8 per cent increase in sales to £2,577m., pre-tax profit of Imperial Group rose from £108.8m. to a record £129.5m. for the year to October 31, 1976.

The directors report that the group's performance in the opening months of the current year shows some advance over the comparable period in 1975-76. The Board has expressed its confidence in the long-term by providing for new capital investment in excess of £80m. this year, they add.

Excluding extraordinary items, earnings per 25p share improved from 7.5p to 9.3p—the final dividend of 3.81p lifts the net total from 4.68p to 5.06p, the maximum permitted, and absorbs £35.7m. (£32.5m.).

As the first half pre-tax profit rose by £12m. to £63.1m., says the directors.

Mr. John Pite, chairman, then said that subject to unforeseen developments, earnings for the second six months should be no less than for the same period in 1975-76 and results for the year should show "a useful advance".

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Company	Date
Imperial Chemicals	Feb. 10
Imperial Chemicals (Finance)	Feb. 10
Imperial Chemicals (General)	Feb. 10
Imperial Chemicals (Special)	Feb. 10
Imperial Chemicals (Trust)	Feb. 10
Imperial Chemicals (Wholesale)	Feb. 10
Imperial Chemicals (Retail)	Feb. 10
Imperial Chemicals (Export)	Feb. 10
Imperial Chemicals (Import)	Feb. 10
Imperial Chemicals (Manufacturing)	Feb. 10
Imperial Chemicals (Distribution)	Feb. 10
Imperial Chemicals (Sales)	Feb. 10
Imperial Chemicals (Marketing)	Feb. 10
Imperial Chemicals (Research)	Feb. 10
Imperial Chemicals (Development)	Feb. 10
Imperial Chemicals (Innovation)	Feb. 10
Imperial Chemicals (Growth)	Feb. 10
Imperial Chemicals (Expansion)	Feb. 10
Imperial Chemicals (Investment)	Feb. 10
Imperial Chemicals (Acquisition)	Feb. 10
Imperial Chemicals (Merger)	Feb. 10
Imperial Chemicals (Takeover)	Feb. 10
Imperial Chemicals (Restructuring)	Feb. 10
Imperial Chemicals (Reorganisation)	Feb. 10
Imperial Chemicals (Liquidation)	Feb. 10
Imperial Chemicals (Insolvency)	Feb. 10
Imperial Chemicals (Bankruptcy)	Feb. 10
Imperial Chemicals (Rehabilitation)	Feb. 10
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The net benefit of these and other factors would in themselves have been insufficient to offset the pressures of inflation and the reduction in bank borrowings reflects continuing stringent control over all operating capital, the directors say.

The 1976 balance sheet provides for only the proposed final dividend whereas in 1975 provision also had to be made for the interim.

If the proposed final dividend is approved, profit retained (excluding extraordinary items) will amount to £29.6m. (£20.1m.)—this figure should be viewed in conjunction with the further heavy provision out of profit for deferred tax, the directors say.

On current cost accounting the directors say that estimates of additional depreciation and the cost of sales adjustment are about £23m. and £43m. respectively. Those two items should be deducted from the group's historical trading surplus of £131m. to arrive at an approximate current cost trading surplus, members are told.

Fixed capital investment in 1976 amounted to £31.6m. after allowing for grants and sales at cost or valuation. The market value of listed investment held at year-end was £238.8m. or £12m. more than the value of listed investments held a year earlier. The market value of all listed investments held on February 4, 1977, was £288.8m. (£238.8m.).

At year-end cash and bank balances stood at £10m. (£6.8m.). Behind the switch to a four-day week at the Ipswich cigar factory is an 18 per cent drop last year in the miniature cigar sector, coupled with a compounding slide in the group's market share.

Tobacco division chairman Mr. Tony Garrett said this could have been caused partly by the reduction of advertising support as the company had concentrated on promoting its king size cigarettes, an area which it sees as a continuing battlefield in 1977. "We will continue to expand our share of the king size market," said Mr. Garrett. "It will be expensive, but if you want to succeed you have to pay out."

INVESTMENT for the current year at Dobson Park Industries will be similar to 1975-76's £3.6m., the new chairman, Mr. C. F. Ward, tells holders.

In that year the investment was made in plant and buildings and was financed from new resources. He is confident that the group now has the organisational structure and management to cope with further expansion when the opportunities arise.

During the current year the high volume of last year's home mining machinery demand has not been maintained while the associate in Germany is going through a more difficult period. On the other hand worldwide prospects for increased coal production offer opportunities for exports of mining machinery and overseas demand for other products is very encouraging.

In the longer term he is sure that the group has laid the foundations for further growth. Mr. Ward says that the group's objectives are to achieve a continuous improvement in profitability, to give a high standard of product, service and value and to bring benefit to the areas in which operational units are located by having financially viable establishments.

The main corporate aims will be to broaden the product base of the mining machinery operations to develop a comprehensive worldwide machinery business in both coal and other forms of mining, to increase exports and foreign earnings and to seek acquisitions of reasonable size which will strengthen existing operations or improve the market position. Such acquisitions will be in areas which will not depart from the group's present type of business of mining and specialised engineering.

More resources are being put into export promotion and even greater agency is being put into exploring potential markets. Accordingly the group is budgeting for an increase in exports this year of at least 25 per cent. In addition to the reported exports for last year of £153.1m., the chairman estimates that the total group indirect exports (sold to other U.K. manufacturers) amounted to £5m.

In line with policy for future growth the group on October 1st acquired a 27 acre site at Ince, near Wigan, for £800,000. The site adjoins existing premises of Gullick Dobson and Park Webb and includes a modern office block of 14,000 square feet and industrial buildings currently under lease agreements bringing in rental incomes of over £70,000 per annum.

In line with the plans for growth and in order to improve the overall administration a re-organisation of the group structure was completed during the year. It was decided that the number of operating divisions should be reduced to four: according to the former consumer and construction divisions were merged into a new industrial products division.

As reported on December 15, pre-tax profit for the 33 weeks to October 2, 1976 rose from £8.03m. to £9.08m.

Sales were £80.74m. (£70.85m.), split as to £63.67m. (£53.39m.) in the U.K., £17.07m. (£14.37m.) in North and South America, £8.2m. (£5.88m.) in Europe (including Scandinavia), £1.44m. (£2.7m.) in Australia and others £4.88m. (£2.72m.).

A statement of source and application of funds shows that bank and cash balances increased by £12.8m. (£9.73m.) and share term deposits were up by £1.3m. (£0.25m.).

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The directors report that the group's performance in the opening months of the current year shows some advance over the comparable period in 1975-76. The Board has expressed its confidence in the long-term by providing for new capital investment in excess of £80m. this year, they add.

Excluding extraordinary items, earnings per 25p share improved from 7.5p to 9.3p—the final dividend of 3.81p lifts the net total from 4.68p to 5.06p, the maximum permitted, and absorbs £35.7m. (£32.5m.).

As the first half pre-tax profit rose by £12m. to £63.1m., says the directors.

Mr. John Pite, chairman, then said that subject to unforeseen developments, earnings for the second six months should be no less than for the same period in 1975-76 and results for the year should show "a useful advance".

External sales rose 21.8% to £2,577m. from £2,116m. in 1975-76. Domestic sales rose 18.5% to £1,812m. from £1,531m. Exports rose 25.1% to £765m. from £585m. in 1975-76.

Operating profit before tax rose 21.8% to £129.5m. from £108.8m. in 1975-76. Operating profit after tax rose 21.8% to £108.8m. from £89.9m. in 1975-76.

Dividends rose 21.8% to £35.7m. from £29.2m. in 1975-76. The final dividend of 3.81p lifts the net total from 4.68p to 5.06p, the maximum permitted, and absorbs £35.7m. (£32.5m.).

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THIRD QUARTER pre-tax profit of The De La Rue Co. doubled from £3.11m. to £6.22m., lifting the figure for the nine months to end December, 1976 from £25.2m. to £44.7m.—this is well in excess of the previous full year's record of £38.2m.

Third quarter sales advanced from £23.54m. to £43.05m. and the nine-month figure was £121.03m., compared with £87.73m.

On increased capital aimed earnings per 50p share for the third quarter were up from 8.1p to 15.3p and for the nine months to end December, 1976 from 28.1p to 44.7p.

A 2.35p (2.12p) net interim dividend has already been declared. Last year's total was 11.10p.

The 1976-77 results of overseas companies have been translated to sterling at rates of exchange ruling at December 31, 1976, except in the case of an associate with a December 31 year-end to which the September 30, 1976 rate is applicable. Differences on exchange in relation to the assets, liabilities and reserves have not been taken into account in this statement.

The directors say that after the reduction experienced in the first half, profitability improved in the course of the second half due to the expansion of the bank's services. The number of new accounts increased markedly.

The first year of operation of the north west London branch, the bank's third branch, has been encouraging, they add.

Retained profit for the year was £23.70 (£17.07). Capital and reserves at December 31, 1976 totalled £4.2m. (£4.18m.), current deposits and other accounts £112.21m. (£91.48m.) and total assets £130.24m. (£109.52m.).

Bill to increase aid for the homeless

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LEGISLATION which will force local housing authorities to play a bigger role in helping the homeless will be put before this session of Parliament.

The Housing (Homeless Persons) Bill, a Private Members' Bill sponsored by Mr. Stephen Ross (L. Isle of Wight), has attracted all-party support and represents the first major attempt in nearly 30 years to provide a proper legislative framework for solving the problem of homelessness.

Its effectiveness could be at least temporarily undermined by the current restrictions on public expenditure, although the Government expects authorities to switch resources if necessary to ensure their new responsibilities are carried out.

The Bill aims to replace the current limited duties of social services authorities to provide temporary accommodation for people in urgent need with, under certain circumstances, an obligation on the part of local housing authorities to offer temporary and possibly permanent housing to the homeless.

Most charities welcomed the proposed legislation.

Building societies agree more aid

By Michael Cassell, Building Correspondent

BUILDING societies have agreed more formal arrangements with the Government for helping house buyers who can no longer obtain mortgages from local authorities because of public expenditure reductions.

Yesterday, Mr. Peter Shore, Secretary for the Environment, said in a written reply that arrangements for the societies to help people referred to them by local authorities would continue. Finance would now also be available for improvement work as well as house purchase, he said.

Under the new combined lending scheme—which involves a mix of public and building society funds on an authority-by-authority basis—the English authorities will receive mortgage allocations in 1977-78 totalling £273m. of which £17m. is expected to come from the societies. This will maintain lending at about the same level as in the current year, although the public sector contribution is roughly halved. Separate arrangements are being made for Scotland and Wales.

The Building Societies Association last night emphasised that although there had been criticism of the extent of building society aid, many people who might normally have gone to a local authority for a mortgage had received building society help.

New business at Schroder Life

ASSOCIATE DEALS

Paul E. Schweder, Miller and Co. has bought 10,000 Williams Hudson Group at 21p on behalf of Argo Group SA.

W. Greenwell and Co. has on behalf of an associate of West of England Trust sold 15,000 Gateway Securities "A" Ordinary at 64p.

Capel-Cure Myers has sold 10,000 C. H. Industrials at 25p on behalf of Spex Investments an associate of C. H. Industrials.

Stock and Co. has sold 928 Gateway Securities "A" shares at 63p for associates of Gateway.

Decca sees lower profits

WITH £3.5M. before tax Decca has maintained profits in the six months to September 30, 1976. However, the directors warn that the figure for the full year may be lower than last year's £13.6m., mainly due to reduced profits from records and exceptional charges expected from the impending reorganisation of the U.S. radar company.

Six months: 1976 1975

Turnover 10.40 10.40

Depreciation and amort. 2.50 2.50

Interest 1.41 1.26

Pre-tax profit 5.99 5.39

Tax 2.10 2.14

Factory closures 2.79 2.14

Minorities 0.04 0.04

Attributable capital 1.49 1.41

They add that colour television is currently showing a modest surplus while the capital goods sector continues its growth in turnover and profits.

To reduce disparity with the final interim dividend per 25p share is stepped up from 2.10 in 1976 to 2.50 in 1977.

BANK BRIDGE GROUP LIMITED

INTERIM REPORT (UNAUDITED) FOR THE HALF YEAR ENDED 30 SEPTEMBER 1976

	Half Year Ended 30.9.76	30.9.75
Turnover—Subsidiaries	1,928,000	3,372,000
—Share of Associate	2,760,000	1,971,000
	4,688,000	5,343,000
Loss of the Company and Subsidiaries	(40,000)	(53,000)
Share of profits of Associated Company	239,000	104,000
	199,000	51,000
Minority Interests	—	16,000
Profit before Taxation attributable to Shareholders	199,000	35,000
Taxation (at 52%)	124,000	60,000
Profit/(Loss) after Taxation	75,000	(25,000)
Dividends	NIL	NIL

Discussions are continuing between the advisers to Bank Bridge Group and David Oison and Son (Holdings) Limited concerning the settlement of the claim by David Oison and Son (Holdings) on Bank Bridge Group.

PETER BROTHERHOOD LIMITED

INTERIM STATEMENT

	Unaudited results for the Six months ended 30th September 1976	1975	Year ended 31st March 1976
Turnover	5,000	5,000	10,000
	7,238	4,539	11,758
Trading profit	596	545	1,803
Interest payable	106	126	262
Profit before tax	490	419	1,541
Corporation tax (52%)	255	218	966
Profit after tax	235	201	575
Amount written off investment in Melford Engineering	103	40	380
Profit after tax and extraordinary item	133	161	193

Turnover is influenced by delivery dates of individual contracts and does not reflect the level of activity in the factory.

The order book, although remaining short, is showing signs of improvement.

The loss sustained by Melford Engineering in the six months ended September 30, 1976 is shown above. The company's shareholding in Melford has been sold with effect from December 31, 1976 and the loss resulting from that transaction (approximately £80,000) will be written off against profits of the six months ending March 31, 1977.

It is the Directors' intention to continue their practice of giving their estimate of the year's result, when they announce the interim dividend in April.

Some companies are big in construction. Some are big in natural resources. Who's big in both?

Bill to increase aid for the homeless

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LEGISLATION which will force local housing authorities to play a bigger role in helping the homeless will be put before this session of Parliament.

The Housing (Homeless Persons) Bill, a Private Members' Bill sponsored by Mr. Stephen Ross (L. Isle of Wight), has attracted all-party support and represents the first major attempt in nearly 30 years to provide a proper legislative framework for solving the problem of homelessness.

Its effectiveness could be at least temporarily undermined by the current restrictions on public expenditure, although the Government expects authorities to switch resources if necessary to ensure their new responsibilities are carried out.

The Bill aims to replace the current limited duties of social services authorities to provide temporary accommodation for people in urgent need with, under certain circumstances, an obligation on the part of local housing authorities to offer temporary and possibly permanent housing to the homeless.

Most charities welcomed the proposed legislation.

Building societies agree more aid

By Michael Cassell, Building Correspondent

BUILDING societies have agreed more formal arrangements with the Government for helping house buyers who can no longer obtain mortgages from local authorities because of public expenditure reductions.

Yesterday, Mr. Peter Shore, Secretary for the Environment, said in a written reply that arrangements for the societies to help people referred to them by local authorities would continue. Finance would now also be available for improvement work as well as house purchase, he said.

Under the new combined lending scheme—which involves a mix of public and building society funds on an authority-by-authority basis—the English authorities will receive mortgage allocations in 1977-78 totalling £273m. of which £17m. is expected to come from the societies. This will maintain lending at about the same level as in the current year, although the public sector contribution is roughly halved. Separate arrangements are being made for Scotland and Wales.

The Building Societies Association last night emphasised that although there had been criticism of the extent of building society aid, many people who might normally have gone to a local authority for a mortgage had received building society help.

Tarmac

Look closely at the top ten companies in the construction industry. They all fall neatly into one category or the other. Except one.

Tarmac balances its huge construction business with the manufacture and supply of building materials and the utilisation of vast natural resources.

While we are engaged in as many as 700 building and civil engineering contracts on any one day, we are also drawing on almost limitless reserves of stone, from over 100 quarries. Providing the basis for other group activities such as the production of road surfacing materials and ready mixed concrete.

At the same time we supply more waterproofing materials to the construction industry than any company in Europe.

This carefully maintained balance gives us our unique strength in the construction industry.

Probably the most soundly based international construction company in Western Europe.

MEARS

Extracts from Chairman's Statement and Annual Report

£916,000 profit before tax considerably exceeds anything previously achieved by the company.

	Year ended 30th Sept.	
	1976	1975
* Mears Construction Ltd has achieved substantially improved results. Work in hand for 1977 at a satisfactory level and recent contract awards will lay foundation for continuity of work over next 2-3 years.	46,067	41,936
* Turnover and profits of A. Long & Co. Ltd. continue to grow at substantial rate. All divisions trading at high level.	916	306
* In the Middle East A. Long International has doubled profits in the last year. Confidence that increased investment in management and facilities will be well rewarded.	539	—
* Mears International currently tendering for major contracts in Iraq and lower Gulf area. Expected that award of contracts in near future will compensate for any reduction in U.K. construction activity.	52	47
* Hope that Mears Developments Ltd will be able shortly to announce award of overseas contracts for their pre-fabricated housing systems.	73	66
* Group is well managed and, as Balance Sheet shows, has financial strength and ability to take advantage of challenging and rewarding opportunities.	5,339	1,689
	3,822	3,035
	1,505	745
	892	491
	410	1,025
	6,629	5,296
	2,560	1,557
	2,058	1,323
	4,618	2,880
	2,011	2,416
	6,629	5,296

Copies of the Report and Accounts are available from The Secretary, 154-158 Sydenham Road, London SE26 5LA. Telephone: 01-778 7851

MINING NEWS

Otjijase lowers Johnnies profit

By KENNETH MARSTON, MINING EDITOR

A REDUCED net profit of R10.17m. (£6.23m.) for the six months to December 31 last is announced by Johannesburg Consolidated Investment Company with R12.55m. in the same period of 1975 and a total of R26.2m. for the year to last June. The South African mining house paid a dividend of 40 cents for 1975-1976 and has recently declared an unbalanced interim of 40 cents for the current year.

Gold, diamonds, platinum and industrial interests comprise the group's major sources of income. The reduction in profits for the latest half-year reflects a lower level of sharedealing revenue coupled with a loss of R2.5m. arising from the consolidation of the results of the young Otjijase copper mine in South West Africa.

As already reported, Otjijase has been suffering from severe production difficulties coupled with low copper prices. "Johnnies" now says that production has improved significantly in recent weeks, although certain problems still have to be overcome.

It is added that if the improvement is maintained, Otjijase's rate of loss should be reduced in the ensuing six months. Assessing the outlook for the rest of the current year is particularly difficult, especially as far as sharedealing activities are concerned, but it seems reasonable to hope for a better second-half profit. The shares were 111 1/2 yesterday.

ASBESTOS ROW IN QUEBEC

The re-evaluation of mining policies being undertaken by the Quebec Government is the reason for Canadian Johns-Manville's decision to postpone indefinitely a \$77m. (£43.9m.) expansion plan at its Jeffrey asbestos mine, according to the provincial Resources Minister, Mr. Yves Berube.

Provincial Government plans to secure a state stake in the industry have already caused controversy, but our Montreal correspondent reports that both Mr. Berube and the Industry Minister, Mr. Rodrigue Tremblay, have said that plans for takeover are confined to Asbestos Corporation which is 64 per cent owned by General Dynamics of the U.S.

The Ministers have said that the provincial Government wants to see between 20 and 25 per cent of asbestos fibre production processed in Quebec. Asbestos Corporation does not process or re-rolling in the province.

Meanwhile, our correspondent adds, the Quebec Government is considering the future of the state-owned James Bay Development Corporation, which has charge of mining, exploration and development around the James Bay hydro project. It has outlined several base metal and uranium properties.

GOPENG'S TIN PRODUCTION

In the latest batch of January tin concentrate output figures from the Far Eastern Mines Group, it has done better than in the previous month. But the total for the four months of the financial year to date is still lagging at 63 1/2 tonnes against 73 1/2 tonnes at this time last year.

Output of the single dredge operator Pengkajene for the past four months amounts to 56 tonnes against 57 tonnes a year ago. The latest production figures are compared below.

	Jan.	Feb.	Mar.	Apr.
Goepeng	24	24	24	24
Tanjong	24	24	24	24
Lings	24	24	24	24
Pengkajene	15	16	14	23

TENDERS CALLED FOR WINDARRA

Tenders for the half share of Windarra nickel mine in Western Australia, owned by the collapsed Poseidon company, have been formally invited. The Poseidon receiver, Mr. Noel Buckley, has placed advertisements in the Australian Press.

The tenders close on May 31. Windarra is described as an operating mine with proven and probable reserves of 970 tonnes of nickel sulphide ore averaging 1.49 per cent nickel. There is potential for development following a deep drilling programme which has already started, it is stated.

Poseidon's main creditor, the Government-owned Australian Industry Development Corporation,

BEAVER REJECTS C. H. INDUSTRIALS

Mr. E. E. M. Barnes, the chairman of Beaver Group, has written to shareholders urging them to reject the take-over bid from C.H. Industrials which was announced on February 3. The Board, together with financial advisers County Bank, is unanimous in its rejection of the offer which, at yesterday's closing prices, valued each Beaver Group share at 46p.

The directors of Beaver are understood to hold around 14 per cent of the equity.

HANSON TRUST WHITECROFT

Hanson Trust, whose bid for Whitecroft was allowed to lapse last week, received acceptances amounting to only 0.43 per cent of the equity. Hanson still owns 2.4m. Whitecroft shares, which it held prior to its offer.

A letter has gone out to Whitecroft shareholders from the Board thanking them for their support.

RANK XEROX

Rank Xerox has sold 25 per cent of its Iranian subsidiary to Technisaz, a leading Iranian investment and industrial company so as to comply with Iranian regulations which oblige foreign companies to become involved with indigenous companies.

Rank Xerox would not disclose the price of the sale nor the size of its market in Iran. However the operation is said to be quite

REDMAN HEENAN ACQUISITION

Redman Heenan International has bought P.V.H. Engineering, a privately-owned company with a turnover of about £1m. for an undisclosed sum. P.V.H. designs and manufactures dust control, fume removal, air conditioning, ventilation, process drying and mechanical handling equipment.

KULIM (MALAYSIA)

Johore State Economic Development Corporation has acquired further shares in Kulim (Malaysia) bringing its total direct holding to 43.07 per cent. In addition, through its 40 per cent holding in Eastern Plantation Agency (Johore), the corporation is interested in a further 2.3 per cent.

UNIT CONTROLS

Unit Controls of Stockport and Controlled Repair of Billingham have formed a joint company, Intra-Cell, to provide an off-the-shelf service to the North East. Unit Controls' range of high-pressure instrument valves, manifolds and enclosures. Based in Billingham, the new company will help cater for the growing demand for Unit Control equipment, particularly from the offshore industry.

SHARE STAKES

McLeod Russel and Company have bought 1,000,000 shares of ordinary shares on February 1, reducing its holding to 16.3 per cent.

BIDS AND DEALS

Racal increases offer for Milgo to \$36

The stalemate in the battle for control of Milgo Electronics which had been predicted by some Wall Street brokers, seems to have materialised. Racal Electronics has launched a new tender offer of \$36 a share, up from \$33 on Friday but the new tender means that Racal is still in contention for Milgo.

Its opponent Applied Digital Data Systems has claimed to have received tenders of approval for about 47 per cent of the stock in response to its offer which brokers suggest is worth around \$37 a share, including solicitation fees.

Racal has said it has received tenders for about 45 per cent of Milgo's stock prior to the latest increase in its terms. Analysts suggest that both Racal and ADDS may by now have slightly more Milgo stock than their earlier official announcements suggest.

If this is the case, one possibility is that neither party will be able to obtain over 50 per cent of Milgo. This is because in most bid situations one or two per cent of a company's outstanding shares are frequently not tendered either because shareholders do not bother, or have even forgotten that they hold the shares.

It is possible therefore that if a stalemate does emerge both Racal and ADDS will either have to talk to each other in order to arrive at some resolution of the fight or perhaps go to court with challenges and counter-challenges testing the legality of the strategies each side has used.

Racal has already laid out close to \$28m. for its holding in Milgo while ADDS has committed a similar proportion of its prospective equity in Milgo share-holders since its offer is in convertible preferred shares and conversion begins within a month of the issue of the stock. There is speculation that one

ENTHUSIASM WANES FOR HME

Investor enthusiasm for the Harrisons Malaysia Estates (HME) merger of the three sister plantation companies in the Harrisons and Crossfield stable, which has now gone multimillion, seems to have waned since the original scheme proposals were defeated in January.

On the new proposals acceptance for Golden Hope, which was subject to a 90p share cash offer from 25 per cent minority shareholders, were only 57 per cent by Monday lunchtime. In London Asiatic and Patallina's cases, acceptances were 64 per cent, and 60.9 per cent, respectively, both also well below the level of votes cast in favour of the original scheme.

The offer remains open for acceptance until further notice. A listing for the new HME shares is expected on Thursday.

GRA PROPERTY

In the High Court yesterday Mr. Justice Foster reserved judgment in the dispute over the sale of the GRA Property Trust's stadium, holding in Wal-thamstow Stadium.

Mrs. Irene Owens, one member of the feuding Chandler family which makes up the Board of White ADDS is trying to prevent the sale of the GRA Property Trust's stadium to other family shareholders. Mrs. Owens and her nephew, Mr. Victor Chandler who together control 20 per cent of the stadium, claim to have merchant bankers J. Hen Schrodor Wagg.

16.35% STAKE IN DAVID DIXON CHANGES HANDS

Mr. Malcolm Horsman, former deputy chairman of Bowater, has bought a 16.35 per cent stake in David Dixon, the Leeds base waulen and worsted cloth manufacturer.

Price paid for the stake was not disclosed but Mr. Horsman said yesterday that it was "well below the market price" which more than 2p higher to 34p last night valuing Mr. Horsman's holding at £13.7m.

Mr. Horsman said that his purchase was from a "distress seller." Midland Bank Nominee and was purely an investment offering a good yield and two-to-one net asset cover.

Other major shareholders in David Dixon are Banque Belg with 15 per cent and Bank Belg Group with 20 per cent.

David Dixon and Bank Belg have been negotiating for some two years over ways of settling a claim of £710,000 owing to David Dixon by Bank Brisse. Mr. Horsman described any outcome of these negotiations as "merely a cherry on the cake."

In David Dixon's last account the group's auditors said that loans totalling £72,500 made to Ronald Palfreyman, chairman, David Dixon, but repaid since 1 year end constituted section 1 of the Companies Act 1948.

CALLTE'S HOLDING

Cattle's Holdings is expected to send out today a formal document rejecting the 32 per cent bid from Provident Financial. The document will be distributed through merchant bankers J. Hen Schrodor Wagg.

PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 DECEMBER 1976

Results

The unaudited consolidated results of the group for the six months ended 31 December 1976 are shown below together with the comparable results for the same period last year, and the audited figures for the 12 months ended 30 June 1976.

	R000's	
	6 months ended 31 December	12 months ended 30 June 1976
Turnover	39 704	34 972
Profit before taxation	7 710	8 175
Less: Taxation (including provision for deferred taxation)	2 732	3 477
Profit after taxation	4 978	4 698
Less: Attributable to outside shareholders to subsidiary companies	411	646
Profit after taxation and outside shareholders interests	4 567	4 052
Dividend declared	1 111	1 079
Number of fully paid shares in issue	12 343	11 991
*Earnings per share	37.0c	33.5c
Earnings per share—excluding benefit of investment allowances	27.5c	33.5c
Dividend per share	9.0c	9.0c

Notes: * Taxed profit for the year ended 30 June, 1976 and the six months ended 31 December 1976 included investment and other taxation allowances for the period ended 31 December 1975 these allowances were not included as the commissioning date of plant which qualified for these allowances was not certain.

** Earnings per share is calculated proportionately in respect of shares issued during the year.

Trading Results and Prospects

As foreseen in the chairman's last annual review, sales volumes are not being maintained at the levels prevailing during the year ended 30 June 1976. Having regard to the depressed state of the building and construction industry it is forecast that sales volumes for the year ending 30 June 1977 will be materially lower than 1976.

To supplement domestic sales, export business is actively pursued in a world-wide situation of over supply, prices are depressed and the cement export markets highly competitive. We are nevertheless continuing our efforts to secure a share of this market.

The price increase granted in February 1976 assisted turnover and profitability for the year ended 30 June 1976. This price increase and subsequent adjustments have been largely eroded by rising costs. The increased cost burden and reduced sales volume have resulted in a lower trading profit for the period under review. Taking into account all the foregoing and subject to no unforeseen circumstances, earnings for the group (as presently constituted) for the year ending 30 June 1977 are forecast to be 74 cents per share (1976: 97 cents per share) of which 20 cents per share are attributable to the benefits arising from investment and other allowances (1976: 25 cents per share).

Capital Expenditure

Capital commitments at 31 December 1976 amounted to R5 900 000 which are associated principally with the expansion programme at Slurry, the major part of the plant has been commissioned and the programme is expected to be completed before the end of the current financial year.

Fixed Assets

A revaluation of assets is being undertaken and will be finalised during the current year.

The realisable value of the land and the replacement value of buildings and plant and equipment remain materially higher than the book value.

Proposed Acquisition of the Northern Lime Company Limited

Attention is drawn to the notice which appeared in the press on 12 January 1976, a copy of which was mailed to shareholders.

The circular to shareholders containing a notice convening a general meeting of Pretoria Portland Cement Company concerning the proposed transaction for the acquisition of the Northern Lime Company Limited has been posted to shareholders simultaneously with this report.

Declaration of Dividend No. 138

Dividend No. 138 of 9 cents per share has been declared in South African currency payable to members registered in the books of the company at the close of business on 4 March 1977.

The register of members will be closed from 5 March 1977 to 9 March 1977, both days inclusive, and dividend warrants will be posted on or about 1 April 1977 to registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on 7 March 1977 of the rand value of their dividends, less appropriate taxes.

Where applicable taxation by way of non-resident shareholders tax will be deducted from the dividend payments at the rate of 14.43 per cent.

The full conditions of payment of this dividend may be inspected at or obtained from the company's offices in Johannesburg or in London.

By order of the Board
C. J. Wrogemann
Secretary


9 February 1977

Registered Office:
6th Floor,
Debonshire House,
49, Jorissen Street,
Braamfontein,
Johannesburg 2001,
South Africa.

Share Transfer Offices:
Rand Registrars Limited,
Debonshire House,
P.O. Box 31718,
Braamfontein 2017,
South Africa.

London Secretaries:
Charter Consolidated Limited,
40, Holborn Viaduct,
London, EC1P 1AJ.

Charter House,
Park Street,
Ashford, Kent,
TN24 8EQ.



Dow Banking Corporation

INCORPORATED IN SWITZERLAND WITH LIMITED LIABILITY

EXTRACTS FROM AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1976

	'000s Swiss Francs	1976	1975
Loans, Discounts and overdrafts	899,164	793,365	
Cash and due from banks	269,280	285,648	
Total assets	1,247,631	1,149,248	
Deposits	1,063,741	920,093	
Medium term notes	18,900	13,000	
Capital stock	100,000	100,000	
Legal reserves	25,000	25,000	
General reserves	22,000	17,000	
Retained earnings	2,550	3,229	
Net earnings after taxes	8,321	7,160	

Copies of the 1976 Annual Report will shortly be available upon request.


Head Office
4, Limmatquai,
8022, ZURICH

London
108 Fenchurch Street,
EC3M 5LN

Copenhagen
Strandveje 660,
DK-2390 Klampenborg

SHAREHOLDERS:
THE DOW CHEMICAL COMPANY, MIDLAND, MICHIGAN 90%
THE FUJI BANK, LIMITED, TOKYO 10%

Dobson Park Industries



"Negligible gearing and considerable borrowing capabilities provide the ability to plan for real growth over the next few years"

C. F. Ward, Chairman

FINANCIAL RESULTS

Group pre-tax profits for the past year amounted to £9,084,000 representing an increase of 13% compared with the previous year. Group sales at £80,744,000 were 14% more than the previous year.

Our investment in plant and buildings last year amounted to £3,639,000 and was comfortably financed from our own resources. We are budgeting for a similar size investment in the present financial year.

Negligible gearing and considerable borrowing capabilities gives us the ability to plan for real growth over the next few years.

CORPORATE OBJECTIVES AND AIMS

The Board have given deep consideration to the future developments of the Group and have concluded that it is essential that we should have a broader operational base as well as developing the natural growth arising from our existing activities. Accordingly we have redefined our objectives and aims so that we can plan for the next few years.

Our objectives can be summarised as follows: To achieve a continuous improvement in profitability consistent with financial stability and an acceptable return on assets employed, but within the normal restraints borne by industrial enterprises. To give a high

standard of product, service and value. To bring benefit to the areas in which our operational units are located by having financially viable establishments.

Our main corporate aims will be: To broaden the product base of our mining machinery operations in order to develop a comprehensive worldwide machinery business in both coal and other forms of mining. To increase exports and foreign earnings throughout the Group. To seek acquisitions (both home and overseas) of reasonable size which will strengthen our existing or improve our market position. Such acquisitions will be in areas which will not depart from the Group's present type of business of mining and specialised engineering.

The Group has the financial strength to back these corporate plans and positive steps have been taken towards achieving our objectives.

A Mining and Specialised Engineering Group
LONDON-NOTTINGHAM-WIGAN

Copies of the Report are available from:- The Secretary, Dobson Park Industries Limited, Dobson Park House, Colwick Industrial Estate, Nottingham NG4 2BX

NTL FINANCIAL AND COMPANY NEWS

CII-HONEYWELL BULL

Sales in a European context

BY DAVID CURRY

SIX-month-old Franco-American computer group CII-Honeywell Bull today announced that it had booked Frs.3.4bn. in 1976 and that its order book at the end of last year stood at Frs.3.0bn. Net group profits were Frs.874m. while cash was Frs.829m.

Because of the merger of CII and Honeywell Bull took effect only July 1 the results in fact

clients end users divided equally between home and export market. These revenues came 51 per cent. from equipment sales and the remainder from services and rentals.

The new computer group, Europe's biggest and claiming to be second only to IBM in the world, represents the concern of the French State to create an international competitor in the computer field. Its target is to overhaul IBM in the French market, towards which the government has undertaken to order some Frs. 4bn. of equipment from it in the four years to 1980 out of an estimated total public sector requirement for Frs.9bn.

In addition, over the same period some Frs.1.2bn. in direct aid will be forthcoming. The initial aid was Frs.500m., part of which, together with previous assistance, went to CII in the pre-merger period. Another Frs.250m. has been included as part of the 1976 year and the remainder of this first tranche of aid will be included in 1977 income. That will leave Frs.700m. to be shelved out in diminishing tranches between March 1977 and March 1980.

The partnership with Honeywell followed the attempt to create a European computer group Unidata through a loose association of Siemens, Philips and CII. The French withdrawal of CII led to the break up of Unidata, though the French maintain in reply to comments about the inconsistency and pragmatic nature of their European "vocation" that the CII withdrawal was the occasion rather

than the cause of the Unidata collapse.

As is normally demanded in Franco-American ventures put together to give an entree to the American market for French products and technology to French industry, the shareholding ensures ultimate French control. CII-Honeywell Bull is 53 per cent. held by Compagnie des Machines Bull, which, in its turn, is 17 per cent. state owned, 77 per cent. owned by the giant electrical group CGE, and the rest in the hands of the public. The remaining 47 per cent. is CII-Honeywell Bull is held by Honeywell Information Systems, a full subsidiary of Honeywell Inc. apart from a 11.7 per cent. General Electric stake. Honeywell Information Systems is the industrial and commercial associate of the merged concern, the two groups being linked by a free cross-licensing agreement.

Introducing the results M. Jean Pierre Brulé, chairman and managing director, said that all initial targets had been met, in particular he noted the shipment of more than 100 units of the level 64 computer to the U.S., while Honeywell Information Systems' announcement of the models 64/30 and 64/50 promised further success in that market.

CII-Honeywell Bull also took over the maintenance and development of the Xerox 8010, a task which is covered by its French and international network when Xerox opted out of date processing.

In September the newly merged concern announced its intention to "converge" several product lines in a plan code-named "Unissy" which will, according to M. Brulé, make over 1982-83 a unified range of computers available to clients.

It was also announced that M. Robert Gest, the company's general manager, is leaving in the spring to be general manager of the CGE group concern Sintra. He will presumably have a leading hand in developing CGE's electronics and computer-related activities, and the mentioned in the spelling, anything out the possibility of co-operation between the two groups.

M. Gost became CII chairman in May, 1975, to pilot the merger through and says that he is leaving because he has done the job he was asked to do.

Paul Betts writes from Rome: Honeywell's Italian subsidiary—Honeywell Information System Italia (HISI)—has reported a 56.7 per cent. increase in turnover last year compared to 1975. Last year the company's turnover totalled L123.3bn. (about \$22.2m.) as against L80.2bn. (about \$16.1m.) the previous year.

Domestic sales increased by 20.4 per cent. from L67.1bn. (about \$14.7m.) in 1975 to L80.8bn. (about \$16.9m.) last year, while foreign sales rose by 84 per cent. from L23.1bn. (about \$4.8m.) to L42.5bn. (about \$9.3m.).

These results were mainly achieved thanks to overseas sales, particularly in the U.S., of the company's "Honeywell" computer, devised at HISI's Bergamo Milanese Centre and which are built at the HISI plant at Galuso.

Wako's more pessimistic outlook predicts that auto-related industries will show lower current profits together with other transport, machinery, shipping, oil, railroad, mining and communication firms. It says one out of 13 companies will lose money compared with one out of four companies in the March term of 1976 and one out of six in the September term of 1976.

Wako analysts cited a gloomy outlook for export products such as electric appliances and steel materials, stagnant plans regarding plant and equipment investments, and sluggish personal consumption.

Yamaha cited six-month profits for the food, auto, car parts and telecommunications industries have exceeded their peak and that the electric appliance and precision machinery industries will exceed their peak profits in the current six-month period.

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Mr. J. P. Brulé

present 12 months Honeywell figures and six months of merged CII operations.

consolidated revenues for the year were Frs.3.14bn. of which 51 per cent. was with direct

Finnish bank profit declines

by Lance Keyworth

HELSINKI, Feb. 8.

UNION BANK OF Finland, one of the two biggest commercial banks in the country, showed a 51 per cent. decline in profit in December, 1976 (exchange rate in fcs) 1976. This was not Frs.3.4bn. less than the year before.

The balance sheet total was Frs.264bn. (€1.97bn.) versus Frs.217bn. in 1975. The increase was due to the year growth of both deposit and lending business.

In order to support the production activity of its corporate clients, Union Bank had to resort to central bank credit and the money market throughout the year—the total interest paid this borrowing was Frs.17bn., of which Frs.58bn. is a penalty interest for exceeding its borrowing quotas fixed by Bank of Finland. The result is that net interest income rose by only Frs.12m. to Frs.316m.

Receivables in foreign currencies at the end of 1976 totalled Frs.24bn. while the corresponding liabilities stood at Frs.25.5bn. Flings on foreign exchange rates declined somewhat to Frs.92m.

The bank opened a subsidiary bank, Union Bank of Finland in Luxembourg towards the end of 1976, and Scandinavian Bank Ltd., London, in which Union Bank is a shareholder, opened an office in Bahrain.

Banking business in Finland has been beset by an extremely tight money market for over two years now. Mr. Mika Tiivola, general manager of Union Bank, noted in his preliminary report: "An easing of the money market is not possible for the time being."

OV NOKIA AB will probably pay its dividend for fiscal 1976 of 10 per cent. in cash. According to the preliminary report, sales of the parent company increased by 7.4 per cent. to Frs.1.77bn. in 1976, at the December 1976 change rate. Including subsidiaries, the consolidated result is an increase in turnover of 1.1 per cent. to Frs.2.15bn. (€1.58bn.).

Nokia's forest industry division worked at only 60-70 per cent. of capacity in 1976. Because of stagnant export prices, rising costs at home, profit margins weakened and the result of the year was a loss.

Japan research predicts overall profit slowdown

TOKYO, Feb. 8.

RESEARCH INSTITUTES here predict that profits and sales for major Japanese companies in the current half year ending in March will gain substantially from the previous six months ending in September, but that the overall rate of increase will slow compared with the prior period, the Asian Wall Street Journal reported.

Nomura Research Institute predicts a 23.9 per cent. rise in current profits for the six months ending in March from the previous six months. Wako Securities sees a 22.7 per cent. rise for the same period, with Yamaichi Research Institute expecting a gain of 22.4 per cent.

The rise in after-tax profits is forecast at 42.8 per cent. by Nomura, 36.5 by Wako and 35.4 by Yamaichi. Sales increases of 6.6 per cent. are being predicted by Nomura, 6.7 per cent. by Wako and 7.2 per cent. by Yamaichi. Current profit for Japanese companies represents results

from operating and non-operating activities. After-tax profits reflect those results, any special profits or losses, and taxes.

Nomura expects large profit increases for the six months ending in March in the steel, electric power and trading industries. On the other hand, it predicts that the textile, oil, marine product, mining, shipping, land transportation, metal product, communication and broadcasting and service industries will show lower current profits.

The institute also predicts that there will not be any industries that post losses on the average. In the previous term, the non-ferrous metal industry was losing money and in the term ending in March 1976, the textile, oil, non-ferrous metal and shipping industries were showing deficits.

Overall, Nomura forecast that companies' current profits would recover to 85 per cent. of the peak recorded in the same six-month period of September 1973.

Wako's more pessimistic outlook predicts that auto-related industries will show lower current profits together with other transport, machinery, shipping, oil, railroad, mining and communication firms. It says one out of 13 companies will lose money compared with one out of four companies in the March term of 1976 and one out of six in the September term of 1976.

Wako analysts cited a gloomy outlook for export products such as electric appliances and steel materials, stagnant plans regarding plant and equipment investments, and sluggish personal consumption.

Yamaha cited six-month profits for the food, auto, car parts and telecommunications industries have exceeded their peak and that the electric appliance and precision machinery industries will exceed their peak profits in the current six-month period.

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Banking sector firms after Rand Bank-Glen Anil shock

BY RICHARD ROLFE

JOHANNESBURG, Feb. 8.

ALTHOUGH the decision to put the failed township developer Glen Anil into liquidation and related appointment of a curator to its creditors, Rand Bank, were widely expected in Johannesburg financial circles, the news of these two collapses within 48 hours of each other caused widespread fears of a ripple effect on other property companies and minor banks, perhaps resulting in a full-scale banking collapse.

However, not just because a week has passed without any one else going under, hopes are now growing that, at least in the banking sector, the problems can be contained and a degree of confidence is returning.

Bank shares have generally recovered on the Johannesburg stock exchange. Though with the drawn of deposits among the smaller banks remains a difficulty. The authorities appear determined that no further bank

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could be saved even with the large-scale aid proposed.

One important factor in the improved atmosphere has been a statement from the Trust Bank, which, with loans to Glen Anil of R30.7m. had more at stake than any of the banks, that it is assured of a surplus on its security. The bank said the bulk of its commitment is covered by first mortgage bonds and the balance by certain companies sales contracts. This means that the great part of this involvement can be recouped through the bank's own countrywide collections system. Trust Bank shares rallied from 46 cents to 52 cents but still yield 13.6 per cent.

Most of the rest of the Glen Anil liabilities are spread among the major banks which are well able to withstand losses.

For the property sector as a whole, the liquidity of three or four of the major companies can be considered dubious, but all are minor and their demise would have relatively little impact, while problems appear likely to be confined to the beleaguered township developers rather than serious developers. The market, as a whole, which fell on the initial Rand Bank-Glen Anil collapses, has steadied at the lower levels with the Rand Daily Mail index now 180 while Securities Rands have risen 5 cents to U.S. 70 cents.

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MINING SUPPLIES LIMITED

Firm indications at end of half-year

5 week period ended	30th Oct. 1976	25th Oct. 1975
Sales	£5,798,000	£5,934,000
Consolidated trading profit before taxation (Note 1)	507,000	685,000
Taxation (Note 2)	279,000	367,000
Consolidated profit after taxation	£228,000	£318,000

(Figures subject to year-end audit)

The consolidated trading profit before taxation is after charging depreciation of £199,000 (1975: £150,000).

The provision for taxation has been calculated at 52% on the trading profit for the period as required for taxation purposes.

The results for the first 26 weeks are slightly less than the corresponding period last year, due principally to a reduction in orders from the N.C.B. in the first 13 weeks, which also covered a summer holiday. The second 13 weeks recovered to a record turnover which continues at that level with a firm indication of a further advance on new designed products.

Our Directors are continuing for the time being the policy of paying a final dividend only.

A. Snipe—Chairman

Losinger warning

BY JOHN WICKS

ZURICH, Feb. 8.

DUE to pressure on profits for the year, shareholders of the Bernese building concern Losinger Bern have been advised in an interim report to expect a reduction of dividend for 1976.

In 1975, Losinger had distributed Sw.Frs.40 per old share and Sw.Frs.20 per new share.

Last year, the Losinger group had turnover of some Frs. 1.2bn. This is rather higher than the Sw.Frs.491m. recorded for 1975 but below the budgeted figure of Sw.Frs.512m. Foreign business accounted for one-third of 1976 turnover and was deliberately developed, says the interim statement. However, foreign operations are in the short-term no replacement for unsatisfactory domestic business, it is stated.

For 1977 Losinger expects a

further slight increase in turnover, with the growth being provided wholly by foreign operations. New orders received last year were of Sw.Frs.470m., or more than the Sw.Frs.450m. reckoned with, and orders on hand amount to a value of Sw.Frs.475m. and guarantee sufficient employment for the first half of this year.

SULZER BROTHERS of Winterthur, the Swiss engineering concern, announces plans to retrench its operations at the Filderstadt rotary knitting-machine plant of its German subsidiary Sulzer Werke GmbH, near Stuttgart.

Negotiations are taking place with representatives of the approximately 700 employees of the Filderstadt works, which has experienced heavy losses in recent years.

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SOCIETE NATIONALE POUR LA RECHERCHE, LA PRODUCTION, LE TRANSPORT, LA TRANSFORMATION ET LA COMMERCIALISATION DES HYDROCARBURES

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MELLON BANK, N.A.
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AGENT

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17 NOVEMBER 1976

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Kreditbank S.A. Luxembourgpoise
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k.
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Lloyds Bank International Limited
London Multinational Bank (Underwriters) Limited
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Westfälische Landesbank Aktiengesellschaft
Yamaichi International (Europe) Limited

INTERNATIONAL FINANCIAL AND COMPANY NEWS

General Motors earnings jump by \$1.7bn.

BY JAY PALMER BENEFITING from the year-long swing back in U.S. demand to larger vehicles and its sharply increased market share, General Motors, the largest of America's three major car makers, has reported all-time record sales and net earnings for 1976.



Mr. T. A. Murphy, chairman

World wide deliveries of cars and lorries rose 29 per cent to 6.57m from 5.09m while net margins leapt up from the depressed 1975 level of 3.5 per cent to a more normal 6.2 per cent.

NEW YORK, Feb. 8.

THE MOTOR retailing group Curries' Motors, which holds the General Motors franchise in various parts of South Africa, has reported a sharp drop in profits over the six months to end-December, with a fall at the pre-tax level from R1.5m to R0.5m.

Decline in interim profits at Curries'

BY RICHARD ROLFE JOHANNESBURG, Feb. 8.

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No comment on Krupp, Cartel reports

ESSEN, Feb. 8.

FRIED. KRUPP and the Federal Cartel Office in Berlin declined to comment on German Press reports that Krupp would have to cut its holding in a firm making steam boilers because of a recently agreed Iranian stake in Krupp, reports Reuter.

DUTCH COMPANIES Survey anticipates improved results

BY MICHAEL VAN OS AMSTERDAM, Feb. 8.

THE 1976 annual reports of the companies officially quoted in the domestic sector of the Amsterdam Stock Exchange should make "less depressing reading" than the 1975 reports, says a survey published here by Amro Bank.

Austrian funds to benefit from new subsidy policy

BY PAUL LENDVAI VIENNA, Feb. 8.

THE AUSTRIAN investment group, concentrating on Austrian fixed interest securities (86.4 per cent of its total assets) reported a 20 per cent rise in turnover to 4,097m, certificates in the market value per certificate was up by 10.8 per cent, the hitherto best annual result.

Bamford abandons Poclair plan

Mr. Anthony Bamford, chairman and managing director of J. C. Bamford, today said that the Rocester, Staffordshire, firm had had to withdraw its plans to form a consortium to acquire a major stake in Poclair, the French excavator manufacturer, reports U.N.S.

AMERICAN NEWS Westinghouse-Sony sale talks ended

WESTINGHOUSE ELECTRIC Corp. said talks concerning sale of its entertainment tube division as an on-going business to Sony Corp. were broken off last week, reports Reuter.

Table with financial data for Westinghouse, Goodyear Tire, and American Cyanamid. Columns include Revenue, Profits, and Per share for various periods.

EUROBONDS Good response to BFC notes

BY BERNARD SIMON

ALTHOUGH trading remained relatively light on the secondary markets yesterday, most dealers reported a slightly firmer undertone. New issues and pricing news helped make it a fairly eventful day for the Euro-markets.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table listing bond prices for various countries and maturities, including Australia, Canada, Denmark, France, Germany, Italy, Japan, etc.

Cresus sales up

Cresus-Loire SA reports 1976 turnover of Frs.4,998m (Frs.4,538m), reports Reuter from Paris. Results have not yet been drawn up, but it is expected cash flow will be much lower than the Frs.212m. in 1975, although still positive.

Pertamina debts

The Indonesian Government has paid off short-term debts of the State-owned Pertamina Oil Company amounting to \$1.2bn. Central Bank Governor Rahmat Saleh said in Jakarta, reports Reuter.

Large advertisement for EUROFIMA (European Company for the Financing of Railway Rolling Stock) featuring \$50,000,000 in 7 1/2% Dollar Bonds due January 15, 1984. Lists various international banks and financial institutions.

Advertisement for JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED. Includes unaudited results for the half-year ended 31st December, 1976, and details of a Nippon T and T Japanese issue.

مكتبة الاصل

FINANCIAL TIMES REPORT

Wednesday February 9 1977

Cakes and Biscuits

The British are a notoriously sweet-tooth nation, witness the high per capita consumption of sugared products of all kinds. For the cake and biscuit industry, however, rising prices have inhibited volume growth—although by value turnover is nudging the £750m. mark.

Under the McVitie and Cadbury labels, will in future restrict itself to the role of producer.

At the same time it has reached agreement with Rank Hovis MacDonnell on a supply contract and trade mark user provisions under which RHM will, for a period of at least three years, use its very much larger fleet of bread delivery vans to distribute cakes and its sales force to rotate the stocks. At the same time UB will supply other cake producers with various products and it has already come to an agreement with its other main rival, Lyons.

The rationale behind the Lyons thinking is that it can use UB production capacity to attack what was formerly a part of the UB share of the market at a time when it is waiting for its own new £25m. factory at Carlton, South Yorkshire, to come on stream.

Both UB and RHM are convinced that the welding of their interests—RHM already owns the Mr. Kipling label—will not be referred to the Monopolies Commission. But the huge cost of setting up and maintaining a national distribution network would almost certainly be beyond any of the 70 smaller bakers who the majors claim are also in the branded cake business.

In a statement concerning its withdrawal UB said that the division had not been profitable for several years, and although it is keeping its longer-life and overseas cake interests—UB will still have the highest selling cake in the U.K., Jamaica Ginger Cake—when a major voluntary pulls out of a major

market then the doubts settle over their competitors, too.

Now has the prices merry-go-round yet come to a halt. Wheat and cocoa prices have gone up again and although sugar prices have eased from their peak they are still running at a high level. Oils and fats are up in price and the badly hit fruit crops of 1976 will mean that prices of dried fruits will also rise steeply.

The cake and biscuit industry taken together is very big. With over £460m. a year in biscuits and over £300m. a year in cakes it comes second only to bread in the league of highest selling products. If home-baked cakes and mixes, buns, scones, tea-cakes and frozen cakes are added on then that figure is probably creeping towards the £1bn. a year turnover mark.

Declining

Yet there is over-capacity in the production of both biscuits and cakes and this has particularly hit the cake market, which has seen volume steadily declining for the whole of the seventies. Biscuits, in contrast, pulled back last year a little of the volume drop suffered in 1975.

At the same time the pattern of trading changed. While cakes cannot easily alter their size and weight biscuits have moved into slightly smaller packets in order to remain price competitive and in some cases multiple packs of individually wrapped biscuits, known as count lines, have been reduced in content from six to five.

One of the worst hit sectors of the biscuit market has been the fully covered chocolate

varieties as the rising price of cocoa coupled with the continuing addition of 5 per cent. VAT has led to prices rising to higher levels than the housewife will stand.

Companies like Cadbury have tried to combat this by reducing their pack size to 150 grammes and in doing so have pulled sales off the floor but volumes are still well down and there are no signs of an early recovery.

Half-coated varieties, on the other hand, have been enjoying a period of growth, no doubt partly at the expense of their fully-coated brothers.

Another factor has been the increasing use of biscuits as a snack meal at a time when household budgets are being squeezed and evidence is beginning to emerge that the general trading down in food is also leading to meal substitution with hand snacks. Both biscuits and cakes are, in general, a cheap way of satisfying hunger, and they are easy to serve to children.

So while the cake market is relatively clear-cut and easy to understand, biscuits are far more confused, with most companies having to rely on a sector by sector analysis and a separate marketing approach for each one.

The industry is dominated by United Biscuits, with about 42 per cent of the market. Associated Biscuits with about 20 per cent, and private label production, which takes another 20 per cent.

In general the industry leaders are pleased with the resilience of the market during what has been a difficult time and look forward to growth in

higher value sectors with the return of price stability and increased disposable income. But they are concerned by the proliferation of choices in several competing sectors. For instance, there are seven ginger brands on some grocers' shelves.

Combine

That is not to say there is no room for the small man or that the market should be left to the big volume producers. Of 630 brands on sale 430 are estimated to have accounted for only 5 per cent of the market, however, and the big producers are well able to combine with the major retailers in rationalising the number of lines on the shelves.

By 1974 383 buying points controlled about 82 per cent of grocery turnover, with as few as six major multiples together taking 33 per cent. In what is already a very competitive market this has meant that there has been considerable pressure on the smallest and weakest.

In order to survive the smaller companies have concentrated on what is often called a unique selling proposition. For a company like Cadbury, which has about 2 per cent of the market, this has meant a close study of the children's sector while at the same time making the rather difficult wrench away from chocolate. The company has recently spent just under £5m. on new buildings and machinery at its Moreton, Wirral, factory.

Cadbury was hit very hard by the demise of the chocolate coated sector but eventually decided that it wished to stay in the biscuit market. It has been test-marketing half-

covered animal-shape biscuits in the North-West and hopes to launch them nationally in the near future. It has also been encouraged by the early signs of interest from Europe.

At the same time it is developing other new products in the hope that they can be grafted on to an existing help of success with the additional help of an established name and strength in other grocery areas, like instant mashed potato, soups, and Typhoon tea.

It is more difficult for a company like Chiltonian which has about 1.7 per cent of the market. Since it was taken over by Ware Carnegie Foods in 1974 the company has tried to establish individual new lines in order to improve consumer and retailer awareness while at the same time taking up any slack in production capacity by private label output.

Chiltonian says it is very aware of the need to move away from the "me too" approach which leads to severe problems for small companies which want to trade in the same market and with products similar to those of the majors.

Instead it has developed Gingerellas and the Big Top count line, for both of which it claims sales of over £1m. a year, and bought Dad's Cookies from Smiths Foods, where the competition is Lyons, with Symbol, and Cadbury. It therefore avoided a head-on confrontation with the majors, whose larger resource base and marketing muscle would ensure that they would always win.

When it is realised that ten biscuit brands account for nearly 30 per cent of grocery sales, eight of them UB, one AB and one Rowntree, then the

temptation in the grocer to limit the number of people he deals with can clearly be seen.

While the home market has remained static exports have been increasing and UB, for example, has seen its overseas revenue rise to over 40 per cent of total. Markets are spread all over the world and the British product is held in high regard. Europe remains the principal export area but North America, the Middle East, Communist Europe and the Far East are all developing.

Private label has taken an increasing share of the market and in doing so has been a boon to small manufacturers who can then spend their time churning out biscuits without having to worry about marketing.

Standards

The supermarketera often adopt the traditional Marks and Spencer principle of imposing strict standards and specifications on the manufacturers. And even within the industry there is a measure of cross-trading as manufacturers produce some lines for their competitors.

The concept of branded goods is, however, still very strong for United Biscuits and, to a lesser extent, Associated. In competing with bread on one side and low-cost snack foods on the other they believe strongly in convincing the housewife to associate consistency and quality with a particular name, thereby ensuring frequent repeat purchases.

The same is true of cakes, three weeks. Housewives are

although daily sales of cakes through bakers shops are still a significant proportion of the trade and are estimated to account for about 170m. a year.

But the two highest areas are packaged cake sold through grocers, currently running at about £167m. a year, and non-domestic consumption, which accounts for about £38m. a year. The latter includes supplies to institutions such as hospitals, schools, and prisons as well as through the catering trade.

Slab cake alone still accounts for about £20m. of business every year and is supplied by both the very large bakers and local bakers. Related products such as buns, scones and tea-cakes, frozen cakes and mixes sold about £62m. last year and the millers sell an awful lot of flour to housewives, and others, who make cakes at home.

The domestic cake market is taken to include fruit pies and pastries which are eaten at home. The actual size of the non-domestic market is not known and the figures quoted above are an estimate.

What it all adds up to is a very large market. Consumption per head in the U.K. is very much higher than any other European country, because in Europe there is much more emphasis on the patisserie product. In the U.S., too, there are more daily life products as well as much more emphasis on frozen cakes.

In the U.K. there has been a constant evolution of technology so that it is now possible to produce a packaged cake which will stay fresh for about three weeks. Housewives are

CONTINUED ON NEXT PAGE

A big out static market

Stuart Alexander

A time when the whole of the grocery sector has been under pressure, the cake and biscuit industry has had its own set of troubles, not least those connected with the soaring price of raw materials.

The static population in the home market has led to no growth in volume terms over the last three or four years and the economic squeeze on the housewife's purse has meant that there has been some trading down in biscuits and some loss of volume in cakes.

The problem was highlighted last week-end when United Biscuits announced that it was pulling out of the short-life packaged cake market, normally referred to as ambient cakes. The main reasons behind this move were those already mentioned coupled with the cost of maintaining a national sales force. The company, which markets cakes voluntarily pulls out of a major

If you know our Club you'll know you're in good company.

Jacob's Club is just one of 150 biscuits, cakes and snacks sold by ABL and bought by housewives and caterers all over the world.

Including your wife. Trading under three of the biggest names in the business - Huntley & Palmers, Jacob's, Peek Freans - we baked and sold £86½ million worth of

biscuits during last year.

That's 11½ tonnes per employee. We increased our exports by 20% worldwide and by 33% in the EEC, making £8½ million in all.

And, since 1966, our group's earnings per share have grown 23% p.a. compound. Which is more than most food manufacturers can say.



Associated Biscuits Ltd

HUNTLEY & PALMERS W & R JACOB (LIVERPOOL) PEEK FREAN
U.K. MANUFACTURING DIVISION OF THE ASSOCIATED BISCUIT MANUFACTURERS LTD

CAKES AND BISCUITS II

Market

CONTINUED FROM PREVIOUS PAGE

accustomed to buying cake from makers, stress the value-for-the-grocer and the social unacceptability of "bought cake" is rather out-dated. They have, however, proved very resistant to price increases, the worst recent year being 1974-1975 when raw material and other overhead costs went up by about 40 per cent. The total market has been dropping in volume terms by an average of 3 to 4 per cent per annum since 1970.

Last year manufacturers tried to keep price increases down and held to an 11 per cent rise compared with the 20 per cent of foods generally. They have still, however, lost some of their market to biscuits and although sponge sandwiches remain the single most popular variety there is an increasing trend to the sale of pies, chocolate mini-rolls, tarts and cup cakes. This is largely due to a measure of thrift at a time when it is important to reduce waste.

Marks and Spencer, who are not manufacturers, take about 12 per cent of the market and other private labels just over 15 per cent. All the major manufacturers supply the non-domestic and private label market with Lyons the most active. Other brands, made up by a host of bakers, have seen their share of the market slip in the last few months to about 20 per cent, as the majors have promoted their brands heavily.

All the manufacturers, in common with the biscuit problem,

Expenditure on marketing and advertising has been increasing, as has the use of television, to keep the major brands in front of the public. The Mr. Kipling range has been particularly adept in this area, though point-of-sale is still regarded as very important.

So both sectors of the industry are holding their breath on prospects for 1977. Biscuits seem set to benefit even more from the growing need for cheap snack foods, while cakes are hoping that the decline can be halted.

For cakes the prospects are more clouded by the raw material cost increases in the pipeline. These are likely to be over 20 per cent, and would then lead to a further decline, but those manufacturers with a wide range of products are more likely to weather any storm by switching production to cakes with wider appeal.

Cakes were never just for children but they are probably less so now than previously as housewives look for something suitable for the whole family. The general trend of increasing dominance by the multiple retailers plus the Co-ops, who have their own bakeries, is likely to continue. But the specialist patisserie and baker also seem assured of a continuing market and it may be the smaller grocer who is squeezed by his inability to compete in volume terms as the cost of servicing them becomes ever higher.

THE SUPPLY and pricing of the raw materials used by Britain's cake and biscuit industry in recent years can be summarised very easily, a leading manufacturer told me recently. In fact it could be summed up in two words, he added — "awful."

The reasons for his somewhat bitter view about the market are not hard to find or to understand. A glance down the price lists of the major ingredients tells most of the story.

At the end of January, 1976, English milling wheat was selling on the Mark Lane market at £27 a tonne. In recent weeks the price has been over £30 a tonne—a rise of more than 34 per cent.

Over the same period cocoa prices on the London terminal market have risen from around £750 a tonne to more than £2,345 an increase of over 212 per cent. Sugar prices have eased somewhat over the past 12 months but are still high historically and there seems little prospect of a return to the low-cost sugar that was once

available to Britain's food industry.

All the oils and fats used for cakes and biscuits have shot up in price. Groundnut oil, for instance, was about £400 a tonne a year ago and has since climbed to £570, a rise of over 42 per cent.

For dried fruit the worst is yet to come, with harvests badly hit in many countries. In the U.S., where the raisin crop usually averages 200,000 tonnes and meets with ease the demand of 160,000 tonnes, the 1976 harvest amounted to only 80,000 to 100,000 tonnes. This will mean a new season price of £1,300 a tonne compared with around £550 a tonne last year.

In Greece the current harvest was 47,000 tonnes compared with the average 80,000 tonnes and the price to U.K. buyers has risen to between £540 and £580 a tonne. Last year it was in the region of £350. Similarly, sultanas which cost about £300 a tonne last season are now costing between £635 and £700 owing to a smaller Turkish crop and increased demand.

What depresses people in the cake and biscuit making world—as in other parts of the food processing industry—is that there seems little or no prospect of any immediate fall in prices. This is particularly true of flour costs, which can account for between half and two-thirds of raw materials costs.

Now that Britain is a member of the Common Market it cannot automatically take advantage of low world market prices for grains—its price levels are locked into the EEC's system of farm support which relies on keeping out cheap imports which could undermine its own producers' price levels. Even home-grown grain cannot be obtained as cheaply as it used to be bought, as U.K. producers' prices are being brought up to the same levels as those of their EEC colleagues. This year will see the final stages in these transitional membership price rises.

Cocoa prices have also shot up recently resulting in rises in the retail price of chocolate and chocolate-coated biscuits. The reason for the rise is similar, although less dramatic, to that which caused the coffee price explosion. Both commodities have seen major setbacks to harvests in countries which produce an important proportion of world supplies.

In the case of cocoa, bad weather hit crops in West Africa particularly and the latest estimate made by London mer-

chants Gill and Duffus is that world cocoa production in 1976-1977 will fall short of consumption requirements by some 83,000 tonnes. Recently figures for demand in major cocoa consumption areas such as the U.S. and Britain have indicated that demand has actually been on an upward trend in recent months. But the cocoa used was brought at prices far below current price levels. Manufacturers say they can see no way they can pay over £2,250 a tonne for cocoa and continue to buy the same quantities.

Sugar

The fall in sterling has put up the cost of imported ingredients but not all of the raw materials supply situation is gloomy. One commodity which has come down in price in the past year or two and promises to continue relatively stable for the rest of 1977 is sugar.

Last year's drought had a severe effect on yields of sugar from the sugar beet crops of Britain and the rest of the EEC, but the losses were to some extent offset by increases in the areas sown resulting from financial incentives given to Community farmers to produce more beet. If similar areas are planted this year and reasonable weather ensures an average harvest in the EEC the Community could well face an embarrassing surplus of supplies at a time when the world sugar market will already be in sur-

plus. Again sugar producers in the Common Market are protected against the results of a severe drop in world values of sugar by the provisions of the Common Agricultural Policy which keeps out sugar which is too cheap and also provides sugar producers with an opportunity of selling their sugar into intervention.

In this way they obtain the intervention price which is an effective minimum price to the producer to give him the necessary assurance to go ahead and plant his crops with some confidence in the minimum returns he can expect.

As far as food processors are concerned the increase in producers' prices in recent years have been adequate and they would be most unhappy to see the EEC grant any further increase at its annual farm price review over the next month or two. They would be equally upset if the British Government gave way to pressures from its EEC partners, and from U.K. farmers' organisations; for a devaluation in the Green pound rate used for translating EEC farm prices into sterling terms.

As the value of sterling dropped the gap between the Green pound and the market rate widened to nearly 40 per cent at one time in January and is only just beginning to close with the recent strengthening of the value of the pound. Devaluing the Green pound to bring the two values more into line would automatically mean an improvement in producers' prices and just as automatically would lead to a rise in food

prices to processors and eventually consumers.

To some extent the cere market has already discounted a limited devaluation in the Green pound rate in its current price levels, but any change in the rate would be noticed in sugar prices and in dairy produce prices. This year the U.K. has to face at least two further price increases in the EEC levels without any devaluation of the Green pound. In view of the mounting surpluses of butter and other dairy products such as skimmed milk powder in the Community, food processors can see no reason at all for further encouragement being given to milk production.

They argue, not without logic, that it would be far better for the Common Market to adopt a policy of price-cut to make its dairy products more attractive and to increase its surpluses—not make the products more expensive and more attractive to farmers to produce a bigger surplus.

With major crop failure political decisions affect prices, inflation and fluctuating fortunes of the pound in addition to the risks and hazards of buying selling, it is no wonder those engaged in buying materials for food processing feel they are under pressure at the moment. Unfortunately there is little evidence to suggest that things will get easier in the year ahead.

Peter Bull



Lyons new cake bakery.

Carlton Bakery, the largest and most modern cake factory in Europe.

Lyons Cakes and Biscuits.

Lyons Bakery Ltd., Cadby Hall, London W14 0PA.
A member of the J. Lyons Group of Companies.

Cakes from the freezer

WHEN frozen cakes first appeared in Britain, they made only a very small impact. Distribution was haphazard and the price differential a powerful inhibiting factor. Freezer cabinets in supermarkets were less well organised and the pressure on available space was perhaps even fiercer than today.

By 1976 over £17m. was spent on frozen cakes of all kinds in the U.K. and this is expected to increase to nearly £21m. this year, giving both a volume and value increase.

In the early 1970s the conventional cake market experienced a steady decline yet the frozen sector increased from its admittedly low base in 1970 by 230 per cent last year.

The sector takes in all types of product from the popular dairy cream sponge produced by Birds Eye to the exotic cheese cakes produced by small kitchens for retailing through delicatessens and sandwich bars. It includes what is basically an ice cream product in Arctic Roll, yet the market in the U.K. still has not developed in anything like the way it has in the U.S.

There the emphasis is far more on fruit pies, which are probably the largest single sub-category, and glazed ring doughnuts are not far behind. In this country the product range is beginning to expand and over the next two years there is likely to be a quiet explosion in this sector as at least two big producers are preparing to attack the market dominance held by Birds Eye.

Birds Eye has just put its foot into the frozen cream doughnut water after test marketing in Lancashire and Yorkshire.

Backed in three the doughnuts went national last month and this month two new products, chocolate and cherry layer cake and cream and orange layer cake, are due to be launched in Scotland. Last year cheesecake and chocolate cream pie made successful debuts with strawberry cheesecake particularly successful in Scotland.

All this has persuaded Birds Eye to spend over £2m. in expanding production facilities and to promise a advertising campaign this year costing

£500,000 and devoted exclusively to frozen cakes.

As well as television advertising the money will be spent on a consumer competition offering cooking holidays in Normandy and, perhaps more important, on supporting major displays in supermarkets and encouraging retailers to buy extra stocks.

Testing

All this activity has not gone unnoticed by other major cake producers and it is known that Lyons has been testing cakes for sale in freezers, though it is possible that Lyons will also seek to attack the potential offered by freezer centres as much as through retailers.

And Kitchens of Sara Lee, of the U.S., has set up manufacturing capacity in Yorkshire from which it has said it hopes to generate European sales of £4m. Its products have been available for some time in Britain through a limited num-

ber of outlets so the industry awaits with interest the British reaction to American flavour cheesecakes and chocolate brownies.

The main difference between the U.K. and the U.S. market is that the home market has evolved round fresh cream. It is this factor which is responsible for the great growth in the sector.

The housewife is still offering the opportunity giving the family a recognised speciality at a not-too-expensive price. Certainly Marks and Spencer seem convinced of fresh cream appeal judging their backing of higher priced chilled cakes containing cream.

These cakes are still, however, often much cheaper than corresponding fresh products offered by bakers and patisseries. The specialist cake can now be a very expensive place and the cakes available usually have a much shorter life than the designed-frozen variety.

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FROZEN BIRDS EYE CAKES

Now selling like hot cakes.

In the last five years our sales have more than doubled. We now have two-thirds of all frozen cake sales. By contrast, sales of ordinary cakes are frozen.

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CAKES AND BISCUITS III

Foreigners adapt to British tastes

WHILE the home market has been suffering from assorted ailments throughout the seventies exports have been growing steadily in both volume and cash terms. Wherever possible British companies have set up know-how agreements overseas, or in some cases have established overseas manufacturing capacity, either by building from scratch or by buying local manufacturer.

There are no brand traders such in the EEC, although there are a few major brands which stand out from their competitors, and to a large extent these are based in Belgium and Holland.

Elsewhere there tends to be a large number of small and often not very profitable manufacturers making a very fragmented range of products. In Germany there are a few independent, but they are usually foreign-owned or specialists. France a high proportion of its manufacturing capacity has been bought by foreign interests, so there is little scope for acquisitions.

The EEC is a very large and highly competitive market and is in biscuits rather than cakes that the volume and growth is likely.

Because of its size it requires a major marketing operation and is therefore less suitable for the small, or specialist manufacturer, except where a British product fits neatly into an agency dealing with up-market exports through a small network of specialist shops.

The Continental Europeans like British biscuits but are not waiting opened and they already have a wide range of competent bakers producing well-packaged products which are geared to local traditions and tastes.

Although there are still problems with local laws and ingredient controls, trade barriers

are slowly coming down and the industry is hoping for early finalisation of recipe, weight and packaging legislation for the EEC.

Meanwhile, however, there are sure to be fierce battles fought out in Brussels, with the Germans likely to drive a hard bargain in order to protect their domestic producers.

While some U.K. producers become impatient with the politicians and their Brussels brinkmanship they are at least confident about being in the forefront in terms of technology.

That is only half the battle and distribution and marketing make up the other, but biscuits are not an acquired taste and they can be sold unadapted. The argument against change is that it would add cost and disturb the computer-controlled system which takes the biscuit from raw ingredient mix to the multi-pack. Far better to test a wide range of products, support the winners and withdraw the failures.

The U.K. biscuit starts off with the built-in advantage of being widely regarded as a speciality and this is an asset which the producers are quick to exploit. But price competitiveness is also important and this is inextricably linked to volume and wide distribution.

Although Europe remains the main growth market, the Middle East, Australasia and Japan are also becoming increasingly important. The Middle East, with its generally sweet tastes, has emerged as a very buoyant market, consuming more biscuits per head than anywhere else and throwing up a wealth of stories more akin to the buccaneering days of Elizabeth Tudor.

Because of port congestion and the war in the Lebanon the manufacturers have taken to sending lorry-loads of biscuits and cakes overland through Turkey.

The thought of sending 25 tons of frozen Swiss rolls at a

time to a sweet-crazed Arab world may seem to have stepped straight out of Monty Python but it does happen and judging by the weight of biscuits being sent it can only be assumed that the area is also acting as a staging post.

In the third world the U.K. is selling more know-how than biscuits. With huge populations to feed, countries like India, Pakistan, Indonesia and countries in South America prefer to set up local manufacturing capacity rather than spend precious exchange reserves on food imports.

Tempting

Other tempting opportunities are being investigated, with Yugoslavia leading the way among the European Communist countries and the vast market of China as yet unopened. Nor does the trade end with know-how and licensing agreements. The use of British processes helps the capital goods manufacturers to export as well.

In Japan, too, both United Biscuits and Lyons have negotiated licence agreements which bring in dividends and royalties from a market which would normally be closed to British producers.

Cakes are far more difficult and the volume of cake exports remains small, with the EEC taking well over 50 per cent.

This is mainly because local tastes in this sector are far more important and in Continental Europe the specialist patisseries still holds a strong position in the market-place.

Although the frozen sector may eventually begin to make inroads into this market it is likely to remain far more home-based than biscuits, which have a far longer life in the pack.

However, Birds Eye claims to have sold over 500,000 of cakes to Europe last year with further £250,000 to the Middle East. Undoubtedly if the Euro-

pean side showed real signs of taking off this would lead to the establishment of local manufacturing capacity.

The bulk of these exports have been dairy cream sponges and Arctic rolls, but the company sees great potential. It also suffers from regulations and specifications for ingredients, which are very tight in West Germany, but as for most people Holland and Austria have proved much easier.

The importance of these overseas markets has led to much increased activity on behalf of cake and biscuit manufacturers in the Council of Europe.

Through the Food and Drinks Industries Council they are represented on the Comité des Industries Agricoles et Alimentaires in Brussels. And in Paris are the headquarters of CAOBISCO, which is a pan-European organisation to represent the cake, biscuit, chocolate and confectionery producers. This represents the total Common Market interest in Brussels.

At home the Cake and Biscuit Alliance has a joint export committee with the Cocoa, Confectionery and Confectionery Alliance. They present a joint front to the Ministry of Agriculture, Fisheries and Food, which is one of the main agencies fighting on behalf of Britain in any EEC negotiations and which devotes considerable time, expense and manpower in commuting to and from Brussels.

This is not for nothing. In 1975 40 per cent of United Biscuits' income came from overseas markets and this was expected to improve last year. Associated Biscuits, too, is looking to Europe for growth.

While biscuits are not going to cure Britain's balance of payments deficit by themselves they are equally not losing any of their home market to foreign competition. And sales of Jaffa cakes in Yugoslavia have been so successful that production had to be increased very soon

after moving into commercial quantities.

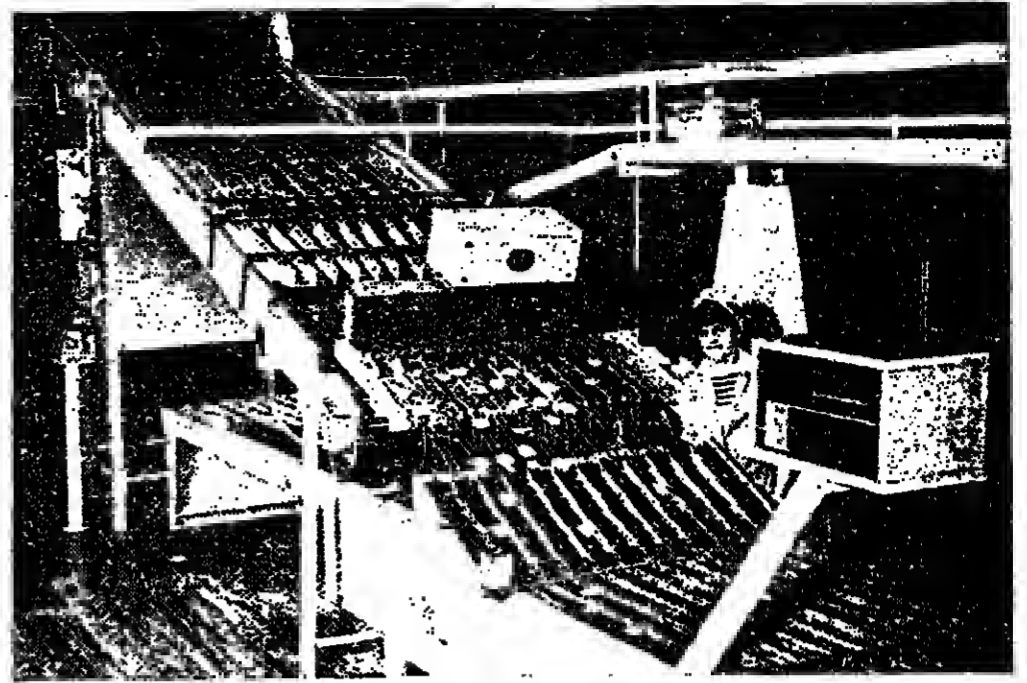
Cream crackers, renamed English crackers because of the strict European laws governing the word cream in Europe, are attacking the Swedish crispbread market. And Digestifs or Cafe du Matin are keeping the French Canadians happy.

In Iran McVities Digestive Creams are to be made locally by the country's biggest manufacturer Minoo, which has built a new factory to produce a range of McVitie's biscuits.

In Japan a brand of biscuits containing cheese and called Cheddars has been launched, while in Dubai and Muscat Chocolate Penguins fight off the beat.

While the U.K. population appears to be static, biscuit consumption with its growth overseas is still expanding and could, for some, become the major operating one over the next few years.

Stuart Alexander



Production line at United Biscuits' Harlesden factory. To ensure correct weight, biscuits are counted into stacks before packing.

Frozen

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The frozen cake market, like so many others, relies on economies of scale to survive. There is little opportunity for a small producer to break into the consumer end of the market and the catering side is very limited when costs are pared to the bone.

But a big company like Lyons can contemplate the move into the frozen area, rather than sticking solely to traditional grocer's shelf cakes, because it can afford the high launch costs and it is already established in frozen desserts through its ice cream interests. It has also seen Birds Eye frozen cream sponges establish themselves as the third largest selling cake in the U.K. behind Cadbury mini-rolls and McVitie's Jamaica ginger cake.

The U.K. market now munches its way through 3,000 tons of Birds Eye cream sponges a year and Birds Eye is confident of considerable growth. The company has also reached the stage where it looks for at least 1,000 tons a year sales of any and every new product.

Birds Eye has been deliberately looking for higher volume and giving up on margins in order to increase market awareness. It hopes to see the frozen cake market doubled in the next five years and expects at least to maintain its market share. Meanwhile, it is campaigning

to persuade retail stores to give more of their frozen food space to cakes; it is finding the task much easier among those operating very large retail outlets, but then all food manufacturers prefer to deal with very large outlets where the fight for space is less intense and the bulk orders are larger.

Prices are not expected to rise by more than 10 per cent this year but that will be in the fairly near future. So Birds Eye is hoping to persuade retailers on the one hand to order larger stocks earlier, while on the other narrowing again the differential over shelf competitors and enticing more housewives.

The companies are optimistic both about this year and the longer term future. "We aim to take full advantage of our wide range of top value cakes and with additional production coming on stream we believe 1977 is the year to make the big leap forward," says Keith Jacobs, Birds Eye Marketing Director. "Frozen cakes are now the fastest growing area in frozen foods," he claims.

All cake manufacturers claim that the basis of their success is that they give good value for money. They also offer good margins to the retailer, who is actively encouraged either to include a cake section in his frozen food or to install a

separate freezer display alongside the conventional cake display area.

This is one of the reasons why Birds Eye has taken such trouble to develop a more complete range. Arguments over which variety of cake is less stodgy than another do little to convince retailers, but increasing consumer awareness and choice can attract their support.

So Birds Eye has emphasised its growing range and has at the same time urged its retailers to make a co-ordinated approach rather than haphazardly making a few sponge cakes available in the winter when ice-cream sales drop away.

The company even seemed prepared to knock its own products recently when it told retailers that if by some chance lack of space meant that cakes had to share cabinet space they should make sure they created maximum impact relative to the "more mundane frozen items."

Home freezer sales give added impetus to what seems to be a buoyant market. Birds Eye claims 59 per cent of frozen cake sales and 24 per cent of the bulk packs of cakes. Sponges are available in packs of six and eclairs in packs of 24. Cheesecake, too, has enjoyed

a steadily increasing market all over the country during the past ten years and has extended its availability from specialist food shops to general retailers. Yet in 1974 the total U.K. market of chilled and frozen cheesecake was estimated to be worth only about £500,000 a year in retail values. In the year after Birds Eye came in, the market trebled and has continued to grow.

The added influence of the Sara Lee range will further stimulate sales of frozen cheesecake and could also help increase the market for traditional catering suppliers. The ability of frozen cake producers to keep to ingredients which do not have to conform to a shelf-life cycle has meant that manufacturing and freezing techniques have all been geared to making a cake which should compare with the home-produced article.

Last year they increased their market by only a modest 3 per cent in volume. But this was a time when the wrapped cake market was struggling and followed 30 per cent in 1974 and 50 per cent in 1975. If the sector continues to grow in 1977 then the entry of Lyons will make the prophecy of 16 per cent growth this year self-fulfilling.

S.A.

Many people think we're the most delicious company in Britain



United Biscuits aren't just the biggest biscuit manufacturers in Britain. We're the second biggest in the world, responsible for many of those tasty products that end up on your plate.

Of course the success of United Biscuits doesn't depend solely on biscuits. In the United Kingdom, in addition to the Biscuit Division, the Group is made up of a Cake Division which manufactures a wide variety of cakes, fruit pies, tarts and sponges; a Foods Division responsible for the KP range of crisps, nuts and savoury snacks and for servicing the catering trade; an International Division responsible for exporting biscuits, nuts and cakes to 92 countries round the world, as well as controlling many of the overseas operations; and a Bakery and Restaurant Division that operates over 370 bakery shop and restaurant outlets as well as making its own range of food products. Recently it has acquired the Wimpy and Golden Egg franchising business in the United Kingdom, covering an additional 800 outlets.

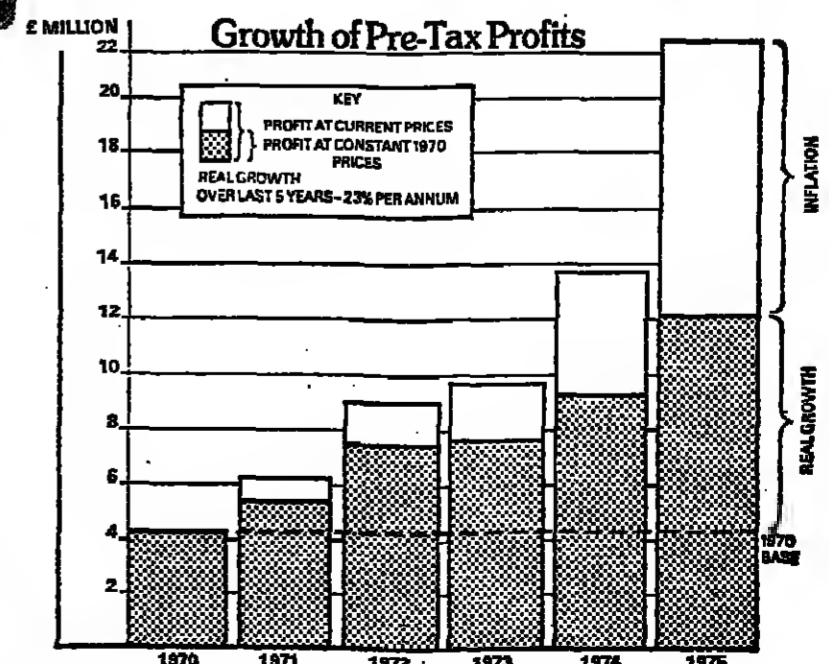
Overseas the Group has its own manufacturing companies in the USA, Spain and Belgium; sales companies in Canada and Denmark; and

a joint venture company in Japan. In addition it has royalty and licensing agreements in Australia, Barbados, the EEC, Iran, Jamaica, Japan, Trinidad and Yugoslavia. We added greatly to our international strength in 1974 by our merger with Keebler Company, the second largest biscuit manufacturer in the United States, which had sales of over £157 million in 1975.

In total our 1975 group sales were £430 million and overseas sales plus exports exceeded £182 million.

In the face of ever increasing economic difficulties we have achieved a five-fold increase in pre-tax profits between 1970 and 1975 to reach £22 million and the 1976 results, when published, will show further significant growth. Investment, too, has been increasing: in 1975 it reached £14 million, a figure further improved in 1976 and which will be considerably exceeded in 1977.

Consistent effort and a very high degree of teamwork by the 37,000 people in the company worldwide have made this record of growth and success possible.



UB United Biscuits

United Biscuits (Holdings) Limited, Syon Lane, Isleworth, Middlesex TW7 5NN

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FARMING AND RAW MATERIALS

Coffee and cocoa prices fall

COFFEE PRICES fell back sharply yesterday on the London terminal market in what dealers saw as a reaction to Monday's dramatic increase. By the close March coffee was quoted at £2,989 a tonne, £49 down on the day.

Traders said Monday's rise took prices into producer selling levels but noted that Monday's rise was traditionally slow due to origin sales. Origin sales emerged yesterday, however, and the downward pressure was encouraged by the failure of the New York market to match Monday's rise in London.

Cocoa prices also added lower yesterday despite rising early in the day. Dealers attributed the early rise to European offtake, notably from Holland.

But prices eased back and a "sloppy" opening in New York brought further falling in the afternoon by the end of the day. March cocoa had reached £2,438.5 a tonne, down £13.25 after reaching £2,476 at one stage in earlier trading.

The Colombian Government has authorised establishment of a special fund of 2,500m pesos to boost coffee production and improve existing plantations, the presidency announced, Reuters reported from Bogota.

Columbia expects to have a crop of between 8.5m and 9m 60-kilo bags this year.

U.S. may impose honey import curbs

WASHINGTON, Feb. 8. A U.S. Congressional panel will consider legislation which would require President Jimmy Carter to order import restrictions on honey. AP-Dow Jones reports.

Foreign Trade Administration officials turned down recommendations from the U.S. International Trade Commission which called for tariff-rate quota restrictions on imports of honey, totalling about \$16m a year, from several Western Hemisphere countries and Australia.

Under the 1974 Trade Act, White House rejection of majority recommendations by the Commission in "import relief" cases could be subject to a Congressional override, if both the House and the Senate approve legislation which, in effect, would require the White House to put into effect import restrictions.

The subcommittee is expected to decide quickly whether to recommend approval or rejection of proposals to override the White House decision of last August.

American assurance on freeze-hit farm exports

THE U.S. Agriculture Department has assured foreign customers for U.S. farm products of continued supplies, despite transport problems resulting from the icing of the Mississippi and Ohio rivers.

The Department said a review of the severe winter weather on U.S. exports of farm products was conducted by the Foreign Agricultural Service, Agricultural Marketing Service and the Economic Research Service.

The Department said some U.S. maize and soybean exports have been slowed by weather-related problems and some increases in transportation costs have occurred when exporters have switched from large rail delivery in moving large quantities of cargo to New Orleans and other Mississippi Gulf ports.

However, it noted, wheat exports are moving normally to West Gulf and West Coast ports.

"While grain supply areas in the Midwest are experiencing some hardship and short-term delays as a result of the weather, no severely abnormal transport problems are being encountered," the Department said.

Meanwhile, it said that the U.S. and the Soviet Union have resolved key points of arrangements for shipping U.S. grain to Russia this year.

Mr. Robert Blackwell, assistant secretary for Maritime Affairs, said that the terms have been agreed but that other issues remain unresolved.

U.S. grain shipments to the Soviet Union have been surrounded by controversy, mostly involving charges by U.S. maritime unions that the Soviets were not meeting the terms of an agreement that stipulated U.S. flag carriers would get a third of the shipping business.

As part of the agreement, the Soviets will pay U.S. shippers \$164.7 a tonne for grain shipped this year, up from \$16. The boost is meant to compensate the U.S. industry for its failure to get the full one-third share in the past.

Russia also assured the U.S. that American vessels will carry one-third of all the future shipments. Mr. Blackwell said.

Under a U.S.-Soviet grain sale agreement reached in 1972, American carriers were to ship one-third of the grain the Soviets agreed to buy. But since the accord was signed, U.S. vessels have received only 25 per cent of the grain business.

The agreement also stipulated a third of the grain would be hauled by Soviet ships and the final third by other nations' vessels.

The new rate basically confirms the \$16 charge in effect since September, 1975, when the Soviet Union agreed to boost a \$9.50 rate which U.S. negotiators said was too low. Reuters

Big rise in farm rents

AVERAGE FARM rent in England and Wales rose by 17.8 per cent in the 12 months to mid-October last year, the Ministry of Agriculture reported yesterday. The rise from £22.51 to £26.52 a hectare compared with an increase of almost 21 per cent in the previous 12-month period.

The Ministry's rent inquiry covered some 26,800 farms with a total area of 1.6m hectares, or almost a third of the total area of leased agricultural land in England and Wales.

About 37 per cent of the farms had a rent change and the average rents on these farms rose from £21.30 a hectare to £26.71—an increase of more than 24 per cent.

The new rate of the newly declassified average rents in England and Wales showed that changes by agreement with sitting tenants remained by far the most common method of reaching new rents accounting for all but 2 per cent.

On these farms the average rent rose by 42.4 per cent from £21.38 to £30.45 a hectare.

In the case of the small number of farms where the market rent increase was fixed by arbitration the rise was 76.3 per cent from £21.99 to £38.88 a hectare.

Surprisingly the rents for tenant farmers fixed by tender showed the biggest rise, up by 168 per cent from £20.36 to £54.17 a hectare.

Record U.S. commodity trading

WASHINGTON, Feb. 8. COMMODITY FUTURES trading in the U.S. last year increased 14.5 per cent to a record 39.9m transactions, the Commodity Futures Trading Commission said.

The commission said the volume of the commodities represented by the transactions totalled nearly \$820m, 37.2 per cent above the \$597.7m in 1975. Reuters

Canada assures Japan

TOKYO, Feb. 8. Canadian officials have assured Japan of an adequate supply of Canadian rapeseed this year at the two-day Japan-Canada rapeseed trade talks.

The Agriculture-Forestry Ministry said Japan told Canadian officials it plans to import 650,000 to 700,000 tonnes of rapeseed this year, compared with 718,000 tonnes last year. Reuters

Far bigger

Traders agree Russian purchases have been the main proponent of the present strong market and, with orders spread among several Western dealers, were far bigger than most realised. It is estimated the Soviets have bought more than 5,000 tons of tungsten ore in the last six months compared with estimated total imports of 7,000 tons in 1975.

Besides the large quantities bought on the open market, Russian are convinced the Rus-

Downturn in tin market

IT WAS NOTED that the influential buyer, who has helped push prices up recently, was absent yesterday.

There were unsubstantiated rumours of a syndicate, reported to be backed by an oil company, attempting to "corner" the market for among traders yesterday.

However, it is understood that a routine meeting of the Metal Exchange management committee today will investigate whether there is any substance to the rumours about a dealer in particular.

Other base metal markets also took a "breather" yesterday

after the recent price rises, with trading activity more subdued. Lead was buoyed up by news that the big U.S. producer, Asarco, was following the recent price rise to 29 cents a pound, but buying interest was slight. As a result, cash lead closed £1.25 up at a peak of £389.25 a tonne.

Silver values eased on the overnight news from the U.S. of a new reduction in the amount of silver to be authorised, the sale of 117.5m ounces from the strategic stockpile.

However, it was noted that the previous Bill urging a similar stockpile release of silver failed to get Congress approval.

Record U.S. commodity trading

WASHINGTON, Feb. 8. COMMODITY FUTURES trading in the U.S. last year increased 14.5 per cent to a record 39.9m transactions, the Commodity Futures Trading Commission said.

The commission said the volume of the commodities represented by the transactions totalled nearly \$820m, 37.2 per cent above the \$597.7m in 1975. Reuters

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Wool market

THE 23 microns, at 841 cents, are equal to the lowest point, as are the broader 24s at 339 cents. Crossbreeds of 20 micron, at 279 cents, and merino cross, at 243 cents, are at the lowest points since devaluation.

At these prices, increased trade interest is likely. A renewal in basic demand, combined with lower prices should put some life in the market by the end of the month, they said.

The overall average price of all wool sold at auction in Australia last week was 193.33 cents a kilo greasy, or \$288.58 a bale. Reuters

COFFEE

London well-disposed with the limit up in New York and early trade settled in favour of the market.

Prices were very firm overnight in anticipation of another U.S. producer release, but when the limit happened here was more profit-taking and the forward metal price eased from its previous peak of 437.50 to 425.00.

Day trading was in a narrow range, reflecting the quiet conditions, and the market closed at 425.00. Reuters

COFFEE

March 395.00, April 395.00, May 395.00, June 395.00, July 395.00, August 395.00, September 395.00, October 395.00, November 395.00, December 395.00.

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MINOR METALS

Tungsten continues to surge ahead

A BRIGHTLY shining—though little noticed—star in last year's generally clouded metals markets was tungsten ore (wolfram).

Despite recession in the steel industry worldwide prices have forged ahead in the past year, with U.K. c.i.f. prices for wolfram climbing steadily from just over \$80 a tonne unit (22.04 lbs of WO₃) last January to double that now. Much of the rise has come in the past three months, with prices in January alone leaping by almost \$20 a tonne unit.

Last week's trading prices in London touched over \$170 a tonne unit and few market-watchers see any signs of a drop in the foreseeable future, though a levelling-out is inevitable.

Evidence of the exceptionally firm market was provided at last month's regular tungsten auction by the U.S. General Services Administration. Usually, bids for tungsten ore are said to be prices, but January's bids (to which transport costs to Europe must still be added) were well within the prevailing Metal Bulletin trading price range.

A problem in analysing the tungsten market is that it is pointing the cause of its strength—is the dearth of reliable information. "Be sure to speak to at least four or five people, and then make up your mind about who's right," one trader said.

The reason, of course, for the shroud of mystery is that despite the wide dispersal of tungsten deposits, nearly half the world's output comes from behind the iron and bamboo curtains.

China produces well over 10,000 tons a year, more than a quarter of world output, while Russia is both a leading producer and importer. North Korea produces around 2,700 tons annually. (Other major suppliers are the U.S., South Korea, Bolivia and Thailand.)

Far bigger

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Besides the large quantities bought on the open market, Russian are convinced the Rus-

traders have also negotiated sizeable direct purchases from the Chinese, perhaps in exchange for nickel or other commodities. Many are convinced the Russians will be big buyers for the remainder of this year.

However, some sources claim the last big Soviet purchase was concluded in November, and that current demand is accounted for by merchants replacing run-down stocks and covering earlier short sales.

Opinions differ on the reasons for the buying surge. Among which at present are:

1. A further plentiful supply factor is the G.S.T. stockpile, for the buying surge. Among which at present are:

2. Tungsten shipments have recently been switched to northern and southern ports not normally used for this purpose.

3. It is also reported that Thailand is having difficulty meeting orders. Mostly poor grade ore is coming from its southern mines, and is being mixed with better quality material from Burma. (Thailand output is estimated to have dropped 100 tons in 1975.)

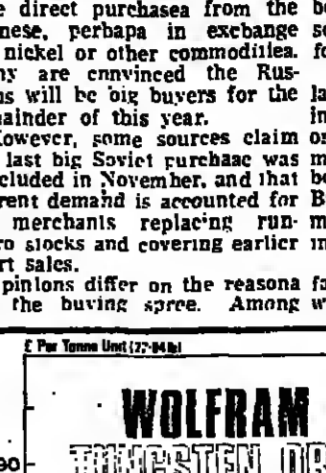
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WOLFRAM TUNGSTEN ORE



WOLFRAM TUNGSTEN ORE

those mentioned are: expanded tungsten production, higher tungsten stockpile releases from the stockpile, the tripping-up of dwindling domestic output.

Although demand in the West is slack, the likely steel industry recovery later this year is another hull factor for tungsten. European stocks of high-grade Chinese ore are said to be alarmingly low at present—around 300-700 tons.

Meanwhile, wolfram supplies are tight. Despite their apparent need for foreign exchange, the Chinese have been extremely tight-lipped with their tungsten. Late last year they indicated a 40 per cent fall-off in shipments during 1977 and only a trickle came out of the country in January.

Observers disagree on whether the cutback has been of China's own choosing (to drive prices even higher) or has been forced on it as a result of increasing domestic consumption, disruption in the wake of last year's earthquake (though the mine area is well away from the ravaged area) and current political upheavals.

The latter assessment is reinforced by reports that several

There were numerous proposals last year to raise the stockpile objective. These have so far come to nought and the market does not expect any noteworthy changes for the time being while the Carter Administration and senior GSA officials settle in.

It is suggested that should tungsten prices move much higher, many users will turn to substitutes. The threat of substitution is real, but observers point out that one of tungsten's possible replacements—molybdenum—is also in short supply and it would take some time for consumers to adjust to new raw materials.

It will also be a while before newly-exploited deposits of wolfram and scheelite in Austria, Turkey and Canada for instance—come into production.

Objective

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Table with columns for metal type (Copper, Zinc, Lead, Tin, Nickel, Silver, Gold), unit, price, and change. Includes sub-tables for Tin, Zinc, Lead, and Silver.

price was under overall and London forward metal started between 26.99 and 28.00 per market. In the run the price

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COMMODITY MARKET REPORTS AND PRICES

WOOL FUTURES

Table with columns for wool type (Wool, Crossbred, Merino), unit, price, and change.

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PRICE CHANGES

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STOCK EXCHANGE REPORT

Gilts pick up to end firmly on interest rate hopes Share index down 5.3 at 392.2 after attempted rally fades

Account Dealing Dates

Options
*First Declares Last Account Dealings Dates
Jan. 31 Feb. 10 Feb. 11 Feb. 22
Feb. 14 Feb. 24 Feb. 25 Mar. 8
Feb. 28 Mar. 10 Mar. 11 Mar. 22

The inflationary pressures implicit in the January wholesale price index continued to under- mine sentiment in equity share markets yesterday although British Funds, despite the growing call for free collective value bargaining, made a spirited rally on continuing hopes for lower interest rates. The latter extended Monday's fall by a further 1/2 before rallying to close with scattered net gains of 1/2 in long-maturity issues, while earlier maturities ended with steady rises of the close generally extending to 1/2. The Government Securities Index picked up 0.09 to 103.7, just 0.03 off last Friday's 31-year peak.

Equities made a much less confident showing than the Funds and an attempted rally in the leaders faded for want of sufficient buying interest. Yesterday's SE conversion factor was 0.7625 (11.6491). The general lack of demand showed up strikingly in the 6-1/2% rate of falls in the FT-quoted issues as second-line stocks came into line in close with a broad defensive marking down. Down 6 1/2 at the day's lowest at 11 a.m., the FT Industrial Ordinary share index was 3.8 off at 1 p.m. but drifted lower again to close a net 5.3 down at 392.2; this makes a 4.3 down loss of 18.9 and brings the index nearly 24 points down from last Thursday's midday valuation of 415.9 which preceded the Bank of England's intervention to check the pace of the fall in interest rates. The FT's main indices were all nearly 2 per cent lower, the All-Share recording 1.8 per cent, to 187.52. Business was relatively quiet although official bankings at 7.30 a.m. were appreciably higher than Monday's 7.026.

British Funds demonstrated yesterday that the recent underlying strong trend had not evaporated when the shorts, after opening

cautiously, surged forward to establish many fresh peaks and the index fully recovered early falls extending to 1 to close higher on the day. Increased demand at the shorter end of the market reflected revived hopes that the tendency towards lower interest rates had not exhausted itself and left gains generally extending to 1/2 with more added in the after-hours trading. Specialist buying from sur-tax payers brought exceptional rises in low coupon issues among which Treasury 3 per cent, quoted clean yesterday, jumped 1 1/2 to 90 1/2. The lower maturity issues were again vulnerable initially but in rather thin trading, closed strong, the extent of which raised the ex-act, Treasury 1 1/2 per cent, from 98 to a close at 98 1/2, unchanged on the day, and higher still after-hours to 99.

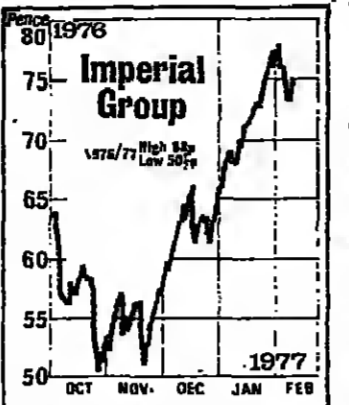
Occasional offerings of investment currency from arbitrage sources lowered the premium to 100 per cent, before revived institutional buying interest, thought to be for the purpose of investment overseas in U.S. securities, caused a recovery in the rate to the overnight level of 10 1/2 per cent. Yesterday's SE conversion factor was 0.7625 (11.6491).

Discounts down again

The possibility of one of the big four banks announcing a large fund-raising operation in the near future continued to restrict business in Home Banks. Prices drifted lower in quiet trading and the rate in the overnight level of 10 1/2 per cent, fell to 10 1/4. The discount market was generally lower throughout. In this market, losses of 10 and 20 respectively were recorded in Allen Harvey and Bee, 300p, and Seavanh Marshall and Campion, 240p, while Union were 10 down at 300p and Gerrard and National 7 off at 150p. Hire Purchases Ltd. contrasting features in Sterling Credit which hardened 2 1/2 to 16p, reflecting demand encountered late Monday, and UDT a similar amount easier at 21p.

Insurers showed a mixed picture around throughout the day. Sun Alliance shed 8 to 300p and Ryukyus receded 6 to 280p. A firm sector of late

on Press comment. Brokers encountered some profit-taking. C. E. Heath lost 3 1/2 to 47 1/2 and Minet Holdings declined 4 to 202 1/2. Dul for most of the day. Breweries were looking steadier in the late trade. Allied ended a penny cheaper at 65p, after 0 1/2 British Home, 125p, and Greene King, 102p, gave up 0 1/2 and 3 1/2.



Decca above worst
A dull day in Electricals saw the leaders turn lower on small profit-taking. Decca, which had led the market, fell 1 1/2 to 120p. Other Electricals followed, with GEC down 1 1/2 to 180p and Plessey 2 off at 65p. The first-half profits statement and general concern about the full year prospects upset Decca which touched 250p before closing 3 down on the day at 262p, while the A lost a similar amount to 250p, after 240p.

Buildings turned lower on small selling. AP Cement shed 3 to 133 1/2 and RMC to 87p, while Ryaby Portland Cement cheapened 3 to 54p. Richard Costello, 140p, and Tunnel B, 152p, both receded 6 and Barratt Developments were 4 down at 67p. Further consideration of the lower first-half profits caused the latter to fall 4 to 60p and Marchwell closed a like amount easier at 120p; the latter's preliminary results are due February 17. Burnett and Hallamshire, on the other hand, continue to reflect bid attractions, rising 4 to 91p, for a three-day gain of 14. Late news that the Board has received the bid from G.H. Industries for a penny under at 20p had no effect on Beaver which held steady at 40p.

Speculative support was again forthcoming for Wilsons Franks, which added 3 to 65p in the afternoon. ICI drifted down 3 to 345p, after 342p, and Fisons lost 10 to 320p; the latter's preliminary

results are due later this month. Stewart Flaxies receded 4 to 80p on the interim results. The disappointing retail sales figures were a dampening feature in leading Stores, which closed dull. UTS gave up 2 to 59p and W. H. Smith "A" lost 8 to 55 1/2p. British Home, 125p, and Woolworth declined 1 1/2 to 34 1/2p.

Taverner Rolledge, 54p, both closed 4 cheaper. Meat Trade Suppliers were also 6 easier at 80p following the slightly receded first-half profits. United Biscuit were left 8 down at 141p, after 129p, while Innes of 4 were sustained by Rowtree MacIntosh, 210p, and J. Bisco, 112p. Lyons shed 2 to 82p as did Brooke Bond to 43 1/2p. Rakusen, at 13p, held the previous day's rise of 3 1/2 following another reasonable business. In Supermarkets, Tesco closed 1 1/2 to 34 1/2p. Available to day's preliminary statement, Trust Houses Forte declined 4 to 120p. Grand Metropolitan, however, managed to finish a penny harder at 71p, after 60p, following Press comment.

De La Rue please

The miscellaneous Industrial majors repeated Monday's easier trend yesterday as prices receded further on small profit-taking. De La Rue jumped 2 1/2 to 200 1/2p, in response to the much better than expected third-quarter profits. Mr. Richard Taylor's decision to leave Allied Telecommunications and the resignation of another director (Mr. A. Keeney), upset AP's shares which lost 3 to 25 1/2p, while Press Security 4 down at 54p, and the A 2 easier at 50p. A dull market last week on the dismal interim performance, Grippiers lost 8 to 200p, after 210p, while profit-taking brought about losses of 9 in both Dwyer-Combe, 210p, and International Computers 185p. Oatfield shed 3 to 86p and Rover gave up 7 to 44 1/2p. Small cheapened a penny to 15p in front of 10-day's interim results and Glass and Metal ended a like amount lower at 47p despite the higher price of 15 off in Monday's interim results. Moore Corporation's cash offer of 85p per share, Lameson Industries eased a shade more to 81p.

Howay made a smart rally in the late trade, finishing from 105p to close a net 3 higher at 114p on the better-than-expected interim figures. Elsewhere in Motors and Distributors, Moor and Overton were programmed 5 1/2 off at 85p on the sharply improved profits showing. Otherwise, shares had an easier bias, reflecting lack of demand more than weight of selling. The stock market finished 5 1/2 off at 22 1/2, while Danton, 85p, and Armstrong Equipment, 46p, both closed 3 easier. Commercial Vehicles had Plastons' (Scarborough) bid shown to be correct, R. Kitchen Taylor stood out in Financials with an improvement of 1/2 to 10p in a restricted market, while other firm spots included Tatters, 105p, all finished 2 1/2 cheaper at 30p, while Distributors were notable for a decline of 2 1/2 to 85p in Henry's.

Newspaper Printings succumbed to the general easier trend, associated shed 3 to 147p and Daily Mail "A" receded 7

Oils retreat

Although quieter than the previous day, Oil continued to trade actively with Shell occupying the top place for total bargains marked. Continental buying interest was again evident but not sufficient to entice to counter a profit-taking which finally brought the price back 6 to 52 1/2p, after 60p. British Petroleum were up 1 1/2 to 52 1/2p, while Buroil after retreating to 70p eventually pared the loss to 2 at 70p. Secondary Oils followed the course set by the leaders and Ultramar shed 4 to 130p, while Esso Exploration were similarly lower at 72p, while Petrotrin fluctuated between 130p and 135p before closing a penny higher at 134p; Esso Exploration were 1 1/2 off at 160p. Other falls were continued 3 1/2 in Attock, 60p, and Century, 57p, while Australian market advice caused Woodside to rise 1 1/2 to 107p. Burmah to rise 3 more to 107p, Shellens (U.K.) were unchanged at 150p, after 145p.

Properties began in slightly easier vein

Properties began in slightly easier vein and subsequently followed the general trend before losing some ground. Business was described as minimal and the losses were usually in the order of a penny or so apart from falls of 3 in pieces in Homeowner A, 137p, and 137p, after 137p, while United Real gave up 4 further to 120p and Churchbury were another 3 easier at 160p. Law Lead receded 2 to 45p. The scattered improvements, Avenue Close closed 2 better at 45p. Overseas Traders had a drab appearance. Booker MacConnell stood out with a fall of 9 to 137p. Investment Traders continued to drift evenly on small profit-taking and the absence of institutional support. Capital issues provided the main casualties: Danvest receded 7 to 127p, while Allfund, 130p, City and Commercial, 85p, and Dorset Trust, 105p, all finished 1/2 cheaper. New Thromorton eased 3 to 47p and SPLIT lost 4 to 32p. Elsewhere, London Electrical and General Trust, at 97p, gave up 2 to the previous day's level of 99p on the Guinness Peer offer, leaving a discount of approximately 3 on the latter's bid terms with GP closing 5 cheaper at 433p; the value of the bid shown to be correct, R. Kitchen Taylor stood out in Financials with an improvement of 1/2 to 10p in a restricted market, while other firm spots included Tatters, 105p, all finished 2 1/2 cheaper at 30p, while Distributors were notable for a decline of 2 1/2 to 85p in Henry's.

Textiles had little to commend

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FINANCIAL TIMES STOCK INDICES

Table with columns for various stock indices: Government Securities, Fixed Interest, Industrial Ordinary, Gold Mines, etc. with values for Feb 8, Feb 7, and Feb 6.

HIGHS AND LOWS S.E. ACTIVITY

Table showing Highs and Lows for various stock indices and S.E. Activity for Feb 8 and Feb 7.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Large table of Equity Groups and Sub-sections with columns for Index, % Change, and various sub-sections like CAPITAL GOODS, BUILDING MATERIALS, etc.

FIXED INTEREST

Table of Fixed Interest rates for various instruments like Consols, Govt. Stocks, etc.

ACTIVE STOCKS

Table of Active Stocks with columns for Stock, Denomination, No. of Shares, Closing Price, etc.

NEW HIGHS AND LOWS FOR 1976/77

Table of New Highs and Lows for 1976/77 with columns for Stock, High, Low, etc.

RISES AND FALLS

Table of Rises and Falls for various stock groups.

OPTIONS TRADED

Table of Options Traded with columns for Calls, Puts, etc.

BASE LENDING RATES

Table of Base Lending Rates for various banks and institutions.

MONETARY MARKET

Interest rates steady

Bank of England Minimum Leading Rate 12 per cent. (since February 3, 1977). Short-term fixed period interest rates remained fairly steady in quiet trading in the London money market yesterday. Discount houses buying rates for three-month Treasury bills were slightly firmer in places, closing at 11 1/2 per cent, compared with 11 1/4 per cent previously, suggesting that rates are showing signs of coming into line with Bank of England Minimum Leading Rate which was set last week at 12 per cent.

DEALING DATES

Table of Dealing Dates for various financial institutions.

DISCOUNT HOUSES

Table of Discount Houses with columns for Instrument, Rate, etc.

CORAL INDEX

Close 393.358

INSURANCE RATES

Table of Insurance Rates for various policies.

AUTHORISED UNIT TRUSTS

Handwritten note in Arabic script at the top center of the page.

Main table of authorized unit trusts, organized by category such as Discretionary Unit Fund Managers, Hill Samuel Unit Tr. Mgrs, M & G Group, etc. Each entry includes the trust name, manager, and various performance metrics.

INSURANCE, PROPERTY, BONDS

Table listing various insurance, property, and bond products, including Abbey Life Assurance Co. Ltd., Currier, Tophet Life Ass. Co. Ltd., and others, with their respective details and rates.

MEMO TO INVESTORS: HOW TO MAKE REAL MONEY IN 1977. A promotional text for a private investor's letter, highlighting investment opportunities and the benefits of the letter.

Table of Offshore and Overseas Funds, listing various international investment funds such as Arthurian Securities (C.I.) Limited, Australian Selection Fund, and others.

TO: THE PRIVATE INVESTOR'S LETTER. Dept. IPH, 13 Golden Square, London W1. Please send me, by return of post, details of Free trial offer. Name: Address:

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Leyland, Ford, and various engineering firms. Columns include stock name, price, and other market data.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies such as British Leyland, Ford, and various engineering firms.

PROPERTY - Continued

Table of property-related stocks including various real estate and construction companies.

TRUSTS - Continued

Table of trust and finance stocks including various investment and trust companies.

MINES - Continued

Table of mining stocks including various metal and coal mining companies.

DAIWA SECURITIES advertisement with logo and contact information.

Table titled 'CENTRAL AFRICAN' listing various African mining and industrial stocks.

Table titled 'AUSTRALIAN' listing various Australian mining and industrial stocks.

Table titled 'TINS' listing various tin and metal stocks.

Table titled 'COPPER' listing various copper mining stocks.

Table titled 'MISCELLANEOUS' listing various miscellaneous stocks.

NOTES section providing detailed information and analysis for various stocks.

Table titled 'TEAS' listing various tea and commodity stocks.

Table titled 'SRI LANKA' listing various Sri Lankan stocks.

Table titled 'AFRICA' listing various African stocks.

Table titled 'MINES' listing various mining stocks.

Table titled 'CENTRAL RAND' listing various central rand mining stocks.

INSURANCE

Table of insurance stocks including various insurance companies.

PROPERTY

Table of property-related stocks.

TRUSTS, FINANCE, LAND

Table of trust, finance, and land stocks.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

REGIONAL MARKETS

Table showing regional market data for various areas.

OPTIONS

3-month Call rates

Table of 3-month call option rates for various stocks.

A selection of Options traded is given on the London Stock Exchange Report page.

VALUATION FOR BALANCE SHEETS BERNARD THORPE & PARTNERS

DANGER OF RETREAT FROM EEC OBJECTIVES

Jenkins urges economic union

BY PHILIP RAWSTORNE

LUXEMBOURG, Feb. 8.

MR. ROY JENKINS, in his first "state of the Community" address to the European Parliament here today, called for a further and urgent advance towards economic integration.

sumers rightly insist that our policies for agriculture must be consistent with our other economic objectives—and particularly with the overriding need to combat inflation.

A further review of the common agricultural policy would be one of the most important priorities in the Commission's programme this year.

widening gap between the economic performances of member states. The Commission intended to devise a general policy that would concentrate financial resources on the central problem of economic divergence.

The whips become the quarry

By Rupert Cornwell, Lobby Staff

FOR ONCE hunted instead of hunters, the Government whips were yesterday trying to explain away the debacle of the Bill rejected by one vote on a division in which the Prime Minister and the Chancellor of the Exchequer were absent without leave.

Japan to raise prices in shipyard pact

BY DAVID CURRY

PARIS, Feb. 8.

JAPAN ANNOUNCED today that it would raise its shipbuilding prices and introduce limited restraint on competition with European yards in serious economic difficulty.

courage its yards to restrain exports to those countries. This would apply for 1977 only, it is understood.

proposals is expected to-morrow morning. While there was some satisfaction that the Japanese were at last talking in terms of hard concessions, there are a number of immediate doubts about the proposals.

CBI

slower one—than it has had for some time. The survey, regarded as one of the most accurate guides to underlying industrial trends, was carried out last month before the publication of the Bullock report.

Stock Exchange go-ahead for final Talisman scheme

BY MARGARET REID

THE STOCK EXCHANGE Council decided by a "very conclusive" vote yesterday to go ahead with the final £5m stage of its £13.2m Talisman scheme to computerise much of the routine work in settling sales and purchases of shares.

seller of over £1bn a year because of tax and Government policies and this does not bode well for the health of the market.

Weather

U.K. TODAY CLOUDY, rain at times. London, E. Anglia, Midlands, Channel Is., SE, NW and Cent. England. Cloudy, rain at times. Winds SW, light. Max. 9C (48F).

They should also have off the changes of increases in commission charges payable by purchasers and sellers on share deals.

One feature of the charges tariff is that small refunds will be available for early deposit of stock by member firms.

extra revenue should be bargained rise above the key 15,000-a-day level to finance additional costs when they fell below this.

Money supply falls again

BY MICHAEL BLANDEN

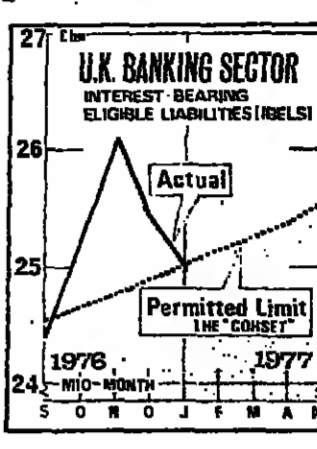
A FURTHER fall in the money supply last month is clearly indicated by banking figures published today.

The heavy official sales of gilt-edged securities during the period are reflected in a decline of £282m in the sterling deposits held by U.K. residents with the London clearing banks.

THE LEX COLUMN Imps ahead in the king size war

Index fell 5.3 to 392.2

The news from the Imperial Group is that a big marketing success has been achieved in 1976-77, with nothing like the adverse short-term impact on profits that might have been feared.



De La Rue De La Rue's third quarter profits are more than double and for the nine months, they are £9.5m ahead at £14.5m.

Expansion

Today's figures also show the banking system has made progress in complying with restraints imposed under the so-called control controls. These were re-activated as one of the main official moves to control the money supply.

Decca

The new familiar pattern of growth in capital goods but contraction in consumer products continues at Decca, where the first half results show a marginal overall pre-tax gain to £5.5m.

Squeezing

Taken as a whole the banking system had by mid-January squeezed back inside the coil the clearing banks were significantly over the limit.

Japan reacts against bearings duty

Official forecasts put the world shipbuilding market in 1980 at 12m tons—of which, on present form, Japan would have 6.5m tons.

Robbin Reeves writes from Brussels

The Japanese offer was given a cautious welcome by Viscount Etienne Davignon, the Brussels Commissioner for industrial policy.

A few words about Tokai Bank's expanding international operations.

Advertisement for Tokai Bank featuring a cartoon illustration of a man and a woman talking. The man says: 'As you might know Tokai Bank is one of the leading banks in the world with over 15,000 employees and 200 offices established in Japan itself.' The woman replies: 'I probably don't surprise you're modern, progressive, and one of the first banks in the world to utilize on-line computerization in our banking operations.' The man says: 'At present we have over 20 offices and affiliates around the world, and we just opened in Amsterdam. And recently opened in the Middle East.' The woman says: 'Currently we're serving the world through loans. And also lending something as valuable as money. Financial advice gained through nearly 100 years of banking experience.' The man says: 'So don't just think of us as a Japanese Bank. Think of us as a bank that serves Japan and the world.'